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The Impact of Human Capital-Based Education and Training Programs on an Economically Marginalized Rural County in Appalachia

Donna Jo Hall
THE FLORIDA STATE UNIVERSITY
COLLEGE OF EDUCATION

THE IMPACT OF HUMAN CAPITAL-BASED EDUCATION AND TRAINING PROGRAMS ON AN ECONOMICALLY MARGINALIZED RURAL COUNTY IN APPALACHIA

By

DONNA JO HALL

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The members of the committee approve the dissertation of Donna J. Hall defended on July 2, 2009.

__________________________________
Peter Easton
Professor Co-Directing Dissertation

__________________________________
Steven Klees
Professor Co-Directing Dissertation

__________________________________
Rebecca Miles
University Representative

__________________________________
Emanuel Shargel
Committee Member

Approved:

__________________________________
Patrice Iatarola, Chair, Department of Educational Leadership and Policy Studies

The Graduate School has verified and approved the above-named committee members.
I dedicate this dissertation in memory of my father, Marvin Hall, who grew tobacco and made bombs and in honor of my mother, Louise Hall, who scrubbed floors and cleaned toilets so that I could get an education and have a better life.
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ABSTRACT

Beginning in the 1970s, low-wage manufacturing areas in advanced industrialized countries experienced deindustrialization and worker dislocation as transnational corporations left for sites of lower-cost labor. In response, communities sought to rebuild their economies and pursue new employment opportunities in the restructured labor markets of the global economy. This study examines how an economically marginalized, rural Appalachian community’s employment situation and a group of displaced workers’ employment opportunities were affected by workforce education strategies implemented in response to the county’s deindustrialization and as part of its economic readjustment strategy.

Human capital investments in occupational education and skills retraining have been the dominant strategy prescribed by the federal government to assist displaced workers and deindustrialized communities. This approach interprets structural unemployment and underemployment problems of displaced workers as due to education and skills deficits of workers that prevent them from competing for better jobs in growth sectors of the new economy. Therefore, human capital approaches focus redevelopment strategies on increasing workers’ skills. In contrast, critical approaches rooted in theories of political economy associate underemployment in deindustrialized communities with larger systemic processes arising from the global restructuring of production and shifts in the international division of labor. Education is considered but one of many factors that affect an individual’s employability in labor markets and that affect a community’s ability to adjust and redevelop its economy. Critical education theorists hold that some forms of education may reproduce, rather than alleviate, poverty and economic marginalization.

To investigate the relationship between workforce development strategies and community revitalization, I examine a rural Appalachian community where deindustrialization has been occurring since the late 1980s and where dislocated apparel
workers participated in federal workforce education and training programs after the county’s largest employer, a transnational apparel manufacturer, closed in 1999. I use a qualitative case-study approach to analyze the community’s socio-economic history and employment situation from 1930 to the present, and the post-industrial redevelopment strategies and workforce education initiatives undertaken from 1999 to 2003. I also examine how its displaced workers’ education and employment outcomes were related, and how they were affected by the economic situation of their community and changes in the larger global economy. The data collected and analyzed include interviews with displaced apparel workers and community stakeholders, documents, archival and personal records, and observations.

To understand events and processes that affected the community and its displaced workers, the education and redevelopment strategies implemented in the community are situated within larger-scale contexts of globalization and the restructuring of work. My analysis engages several literatures including economic and alternative theories of development, and how they inform notions of the relationship between education and employment. I explain how the human capital approach gained prominence because of its assumed link to economic growth as the dominant development goal and is thus linked to contemporary workforce education policy. My critique of this approach recognizes alternative ideas of development that consider goals beyond economic growth, including broader conceptions of the purposes of education, its potential for expanding human capacities instead of simply increasing skills, and what this implies for rural community redevelopment policy.

My findings indicate that short-term training given to displaced workers under a human capital-based program is unlikely to prepare them for better jobs, and these training strategies do not enable communities to overcome their long-term structural adjustment problems, including underemployment and economic diversification. Increasing workers’ skills is insufficient to attract the kinds of jobs and capital investments economically marginalized communities need to change their situations. Social norms dictated expectations about appropriate jobs for both men and women, and women were tracked into training for female-dominated occupations in low-tier service sectors. Training reproduced
their working-class statuses and the community’s role as a site for low-wage labor. In addition, the community’s redevelopment options were constrained by its historic role as a peripheral region in the world economy and this could not easily be transformed, least of all by narrowly targeted policies designed to increase human capital.

I conclude by noting that new approaches to community redevelopment must begin by addressing fundamental structural problems that cause poverty and income inequality. These approaches must include strategies that create livable-wage jobs, raise awareness among community members about globalization and its impacts, and mobilize grassroots groups to participate in re-envisioning their community’s future development. Communities will need to reconceive the notion of development as having many different aspects and create education strategies to achieve multiple goals, including the development of individual and collective capacity for self-determination and directing change.
CHAPTER 1

INTRODUCTION


Over twenty years have passed since Bluestone and Harrison (1982) wrote their widely read and highly critical book *The Deindustrialization of America* where they warned “when a worker is forced out of a high productivity job into a low productivity job, all of society suffers” (p. 11). Indeed, the ripple effects of plant closings and mass dislocations have had long-term economic impacts on displaced workers and their communities (Kletzer, 2001; U.S. General Accounting Office, 2000 & 2001). Since then, the federal government’s major form of assistance to displaced workers and deindustrialized communities has come through workforce training programs that follow a human capital approach. This policy prescribes investments in occupational education and job-skills retraining for displaced workers to prepare them for new jobs in the restructured economy (National Center on

What is not widely known is how affected communities and their displaced workers today are faring in the aftermath of late deindustrialization as they seek to rebuild their economies and pursue new employment in the greatly altered and rapidly changing labor markets of the twenty-first century. Therefore, it is important to understand how these communities and displaced workers have been affected. To do so, I conducted a qualitative study of an economically marginalized rural county in Appalachian that had multiple plant closures and job dislocations from the late 1980s to 2003. This study investigated the impacts of deindustrialization and education and training programs on the county’s employment situation and that of a group of dislocated apparel workers who participated in federal workforce education and training programs after the county’s largest employer (a transnational apparel manufacturer) closed in 1999.

PERSPECTIVES ON EDUCATION AND EMPLOYMENT IN THE NEW ECONOMY

In the restructured global economy, new job growth in the U.S. has occurred primarily in the relatively well-paid high-tech manufacturing, knowledge and information, and professional services sectors, for which former manufacturing workers often are not qualified, and in the retail trade, clerical and personal services sectors where wages and job security typically are lower than in manufacturing (Brown & Hesketh, 2004; Harrison & Bluestone, 1988; Mishel & Teixeira, 1991; Wolff, 2006). Given these changes, investments in occupational education and job-skills retraining have been prescribed as a panacea that
would enable displaced workers to move into new and better jobs, and therefore, increase regional and national competitive capacity and spur job growth and economic recovery in deindustrialized communities.

From this human capital perspective, displaced worker unemployment and underemployment is viewed as a supply-side issue; it is seen as a job-skills mismatch problem because these individual workers lack the kinds of education (e.g., high-tech skills, college degrees, and interpersonal skills) that would enable them to compete for better jobs in the new growth sectors of the economy (National Center on Education and the Economy (U.S.) Commission on the Skills of the American Workforce, 1990; Committee on Prospering in the Global Economy of the 21st Century & Committee on Science, Engineering, and Public Policy, 2007; Johnston & Packer, 1987; National Commission on Excellence in Education, 1983; Reich, 1992). This deficiency in human capital is blamed as a major reason deindustrialized communities have difficulty in attracting new high-wage and high-technology industries, which are considered vital to their economic redevelopment (Seitchik & Zornitsky, 1989; Teixeira & McGranahan, 1998). The dominant response to this problem has been to quickly prepare workers for new jobs via short-term, specialized occupational education or job-skills retraining in fields where there are regional and national labor supply shortages (CNN, 2004; Huillet, 1997; Mueller & Schwartz, 1998).

The human capital approach implicitly assumes retrained workers will attract and get better jobs that use their newly acquired skills, or that they can easily relocate to such jobs (Brown, Green, & Lauder, 2001; Osterman, Kochan, Locke, & Piore, 2002). It also assumes these workers will earn more than they did before they were displaced because their additional education will make them more productive and thus more valuable and able to compete for jobs in a global labor market (Becker, 1964/1993; Mincer, 1981; Schultz, 1963 & 1971). From this perspective, inequalities in the distribution of jobs or incomes are blamed on the education system (i.e., it imparts the wrong skills or is of poor quality) or on individuals’ deficiencies (i.e., they lack the proper attitudes, motivation, and/or abilities to succeed or they have made inadequate investments in education) (Marshall & Tucker, 1992; Murnane & Levy, 1996).
Many others view this problem quite differently.¹ For these critical social scientists, the problems of long-term structural unemployment of displaced workers and the economic plight of their communities are related to larger systemic processes arising from the global restructuring of production and resulting shifts in the international division of labor as capital seeks lower labor costs. These workers’ subordinate labor statuses and the economically marginalized statuses of deindustrialized communities in the new economy reflect unequal the social relations and the uneven development that is inherent in a system of global free-market capitalism (Carnoy, 2000; Fisher, 1990; Harrison & Bluestone, 1988; Kolko, 1988/2000; Peck, 2002).

From this critical perspective, the economic, political, cultural, and social contexts in which working-class people work and live matter. One’s community, its historical development, and its role in a global capitalist economy impact one’s occupational opportunities and labor status. In addition, interactions between the local community and global processes also shape these contexts (Hanson & Pratt, 1992; Peck, 1996). Thus, there are structural factors that arise in specific contexts that produce and reproduce workers’ identities as laborers and contribute to the construction of communities as particular kinds of labor markets. Thus, many factors affect the capacity of individuals to exercise agency and communities to react and adjust to the changes wrought by rapid deindustrialization. Given this, the complex relationship between societal structures, worker identity, and the economic role of the local community must be considered when addressing displaced workers’ education and employment problems (Aronowitz & Giroux, 1993; Morrow & Torres, 1995; Weis, 1990 & 2004; Willis, 1977; Peck, 1996). Because displaced blue-collar workers typically are from less powerful, subordinate groups in society (e.g., lower socio-economic classes, women, racial and ethnic minorities, and older workers) and are relatively immobile laborers, they are persistently and disproportionately affected by inequalities in education that reproduce their statuses in ways that serve the changing needs of local labor

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¹ These include a wide variety of social scientists among others (e.g., political economists, critical sociologists, critical education theorists, philosophers of education, and economic geographers) whose diverse views are covered later in Chapter 2 of in the literature review. This is a general summary of some of their key arguments.
markets (Brint, 2003; Carnoy & Levin, 1985; Gittleman & Howell, 1995; Grubb & Lazerson, 2005; Kazis & Miller, 2001; McCall, 1998; Peck, 1996).

In summary, critical social scientists see education and employment experiences as context- and group-specific, and education is considered but one of many factors that affect an individual’s employability in labor markets and the adaptive ability of communities. They criticize the human capital perspective that dominates workforce development policy for its narrow view of the purposes of education (i.e., to serve the needs of the economy), and its inattentiveness to historical and social contexts, systemic processes, and cultural and geographic particularities that shape and reproduce educational and employment inequalities. Thus, they argue that forms of education that ignore the complex and multiple causes of inequalities in employment are unlikely to secure better jobs for displaced workers that will substantially improve their employment opportunities or change the employment situation of marginalized communities.

In this study, I consider the theoretical assumptions of both perspectives in greater detail. Each perspective offers potential explanations about the relationship between the education and employment problems of displaced workers, and its relationship to economic development in rural communities. However, my analysis of the issues and evidence in this study employs a critical perspective for its ability to offer more nuanced explanations of the complex relationship between them.

**PURPOSE AND SIGNIFICANCE OF THE STUDY**

Through this study I sought to understand how a rural community’s employment situation and a group of displaced workers’ employment opportunities were affected by workforce education strategies implemented in response to the county’s deindustrialization and as part of its economic readjustment strategy. The factors that are affecting the employment situation of this county and its displaced workers may vary across time and space but are still present in various combinations in other regions. Thus, the situation of the county and its workers may resemble the situation of other rural counties in Appalachia in particular, and other rural deindustrialized communities in the U.S. In addition, the
workforce education and economic development issues raised may be emblematic of those encountered in other rural communities in other parts of the world. Thus, it is my hope that this research can inform the work of those in the U.S. and abroad who design and implement rural workforce education policies as part of a larger strategy for fostering economic, community, and human development amidst globalization.

Wiggan (2007) has called for, comparative and international educators to recognize the need for “more educational inquiries that move beyond the local level, shifting to globality and then back to locality . . . in order to make the connections between social order, social organization, and economic and technological integration in the world system, and the resulting impact on education” (p. 2). This study contributes to this effort by examining connections between phenomena and processes across different scales. At the individual level, this dissertation investigates how the displaced workers’ employment is related to their identities (e.g., class, gender, race, ethnicity, age, rurality) and their education and retraining. This study also examines how the historical and contemporary factors at the local, national, and global levels are impacting an economically marginalized Appalachia county’s ability to respond to late deindustrialization and the restructuring of its employment base. My analysis may improve understanding of how multi-level economic changes are influencing the capacity of workforce education efforts to change local employment opportunities and aid in community economic recovery. In keeping with Wiggin’s call for a multi-scale analysis, this study situates the individual workers as embedded units of analysis within a local community, the larger unit of analysis, which is situated within the larger context of global political economy.

**RATIONALE FOR AND OVERVIEW OF THE CASE STUDY**

To investigate the links between workforce education, employment, and community redevelopment amidst globalization, I conducted a qualitative, single-site case study of a rural Appalachian county. As several scholars have noted, a qualitative inquiry strategy is appropriate for studies of naturally occurring phenomena (in this case, a county’s workforce education and related redevelopment efforts) that can be understood only as part of a larger
system and in relation to specific historical, social, and temporal contexts (Merriam, 1998; Patton, 1990; Yin, 2003). A qualitative strategy was particularly suited for this study because of the following: the research involved fieldwork to collect multiple forms of primary and secondary data (e.g., interviews, documents, observations, and grey literatures) to gain an in-depth understanding of the county’s employment history and its displaced workers’ education and employment outcomes for a bounded time period; the interview data came from small purposeful samples; where appropriate inductive analysis was used to identify patterns and themes that emerged from the data; and the findings were reported using narrative description augmented with explanation from my analysis that is informed by larger theoretical concepts and frameworks (Merriam, 1998; Patton, 1990).

A case study design was an appropriate choice because the education and retraining and reemployment of each displaced worker (an embedded unit of analysis) was triggered by a common event (a manufacturing plant closure) and was bounded within a particular time frame and space (during the period 1999-2003 in the county studied). The historical and contemporary data gathered for the county allowed me to examine its employment situation during three distinct periods (i.e., pre-industrial, industrial, and de-industrializing) and relate them to the workers’ education and employment experiences and to internal and external factors (Cresswell, 1998; Merriam, 1998; Patton, 1990; Stake, 2000; Yin 2003). Because a case study design focuses on context- and group-specific experiences it is well-suited for answering how and why processes and events happened (Yin, 2003). It allows the researcher to use multiple forms of evidence to report findings in a narrative form and situate those findings in a larger context to provide pertinent background, explanations, and analyses (Merriam 1998; Patton, 1990; Stake, 2000; Yin, 2003).

I chose this case study because of its ability to provide insight into the issues of displaced worker education and retraining, rural employment, and redevelopment following community deindustrialization in a dynamic global economy. I also have an intrinsic interest in understanding why displaced workers in rural Appalachia have had a particularly difficult time finding new employment and why affected communities have difficulty in recovering from the restructuring that accompanies deindustrialization. I am a native of Northeast Tennessee (part of Southern Appalachia) and members of my own family have
been affected by manufacturing job losses. My native county has also been hit particularly hard by capital flight and manufacturing plant closures over the last two decades. In addition, Appalachian workers have been found to be “less resilient in the face of displacement than other U.S. workers, with lower shares of Appalachian workers re-employed in the labor force or enjoying wage gains compared to their previous job” (Herzenberg, Price, & Wial, 2005, p. 1). The problems in this region have been attributed, in part, to the characteristics of the workforce and the economic structures of their communities: rural Appalachian workers tend to be an older, less educated workforce with long histories of working in manufacturing, and in many cases they live in rural communities that lack diverse employment opportunities and have lost a relatively high number of jobs due to plant closings (Herzenberg, Price, & Wial, 2005). This closely parallels the situation of the county and displaced workers in my study as I discuss below.

**Situation and Setting for the Study**

In 1999, a transnational apparel manufacturer (hereafter called “TAC”), closed its plant in Alongways County. The county has been listed as economically “distressed” by the Appalachian Regional Commission each year since the 1960s because of its high unemployment and poverty rates and its low per capita market income (Wood & Bischak, 2000; Wood, 2005). It is quite rural and relatively isolated, and its economy was based primarily on low-wage manufacturing and extractive industries. When TAC closed, it was the largest employer in the county, and its closure devastated the county’s already bleak economy. Industrialization had come relatively late to Alongways County when several low-skill manufacturing plants (the majority of which were apparel and textile plants) began locating there in the 1960s. These factories became the primary employers in the county, particularly of women, and offered full-time work with health insurance and retirement benefits. Although men worked in these factories, men’s employment was more concentrated in other industries where wages were higher including wood-products manufacturing, agriculture and extractive industries, the construction industry, and the transportation, communication and utilities industries.

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2 The specific findings of this case study are presented in greater detail in chapters 5 and 6.
3 Because I promised to keep the identities of those who participated in my study confidential, the names of people, places and some organizations and other entities are pseudonyms.
The county’s deindustrialization began in the late 1980s as apparel and textile factories started to leave. When the TAC plant closed in early 1999, nearly 500 low-skilled, low-income workers lost their jobs, approximately 90% of whom were women. Because several factories had left the county prior to TAC’s closure, displaced workers from the TAC factory found few reemployment opportunities in manufacturing and the county unemployment rate jumped from an average of 5.4% in September to November of 1998 to 17% in February 1999 (Tennessee Department of Labor and Workforce Development, 2007c). The situation was especially dire because most of the laid-off TAC production workers had long work histories in manufacturing and lacked the necessary skills and experience to compete for jobs in nearby urban areas in the growing knowledge, technology, and healthcare sectors.

State, regional, and county leaders focused economic readjustment and redevelopment efforts for the county on recruiting new manufacturing and service businesses (as they had done since deindustrialization began there). The county’s job recent growth (during the decade from 1990 to 2000) was primarily in the construction, retail trade, government, and services sectors, where wages are less than those in manufacturing and typically less job security and fewer benefits are offered (Kolko, 1988/2000; U.S. Bureau of the Census, 2003 & 2009). County political officials and community business leaders attributed the county’s inability to attract new high-tech manufacturing or professional service businesses to its lack of a highly skilled and motivated workforce. Of the county’s residents age 25 and over, only 6.5% had a bachelor’s degree or higher and 40.7% did not have a high school degree or GED (U.S. Bureau of the Census, 2000). In addition, the county lacked the financial and technical resources needed to rebuild the county’s employment base and improve its physical and technological infrastructure to attract targeted industries with better jobs (Alongways County Development Committee, 2001; Stead & Stead, with Starik, 2004).

After the TAC plant closure, county officials decided to add a workforce development education component to their redevelopment efforts with the goal of attracting new industries and jobs and fostering economic growth. Multiple public and private entities at the local, regional, state, and national levels were involved in funding and implementing
various community development initiatives which included post-secondary occupational education, job-skills retraining, and micro-enterprise business development. Federal government programs and grants were the major source of funds for these human capital enhancement efforts (Alongways County Development Committee, 2001).

In addition, the TAC Corporation and its charitable foundation contributed grant funding to the county and direct assistance to its former employees. The TAC severance package for each of its employees included unprecedented financial assistance in the form of several months of severance pay with benefits and a $6,000 grant for education, retraining, or micro-enterprise business-startup (UNITE, 1999b). TAC also contracted with several organizations to assist its former employees with career and micro-enterprise business start-up counseling, computer literacy and GED classes, and entry into post-secondary or vocational training courses. Most of these activities occurred during a two-year transition period after the plant closure in early 1999. Employees who enrolled in qualified training and education courses for displaced workers also received funding for up to two years through federal and state assistance programs. The TAC foundation gave the county grants to hire a full-time workforce development education coordinator and to establish a small education center where a state vocational training school and a state community college began offering courses toward occupational certifications or associates degrees.

In summary, prior to the plant closure, these workers had been relatively marginalized laborers because of their low education levels and employment histories in low-skill work, their lower socio-economic statuses, their subordinate gender statuses, and their employment in an economically peripheral labor market. The county had always been relatively isolated and economically distressed, and lacked a diversified employment base and a highly-educated workforce. In just a decade and a half, deindustrialization had substantially altered the local labor market and workers’ employment opportunities, and further heightened the county’s dire economic situation. However, these workforce development initiatives and related recovery efforts far exceed any prior economic development efforts in the county and the displaced TAC workers had more resources and
opportunities for education and retraining than any other group of workers in the county’s history.

THE RESEARCH QUESTIONS

Given this unusual mix of difficult and changing employment conditions but relatively abundant human capital investments, my research study seeks answers to the following questions:

General research question: How has the employment situation of an economically marginalized rural Appalachian county been affected by deindustrialization in the new global economy and by the workforce education and training programs based on human capital theory that have been implemented to compensate for the effects of runaway industry?

Specific research questions:
1. In what ways and to what degree was Alongways County historically marginalized prior to the arrival and departure of its major outside employers, the apparel and textile industries?
2. How did the arrival and departure of these industries change the county’s employment base?
3. What visions did major county stakeholders (government officials, educators, and apparel workers) have of the county’s post-industrial economic development, what economic and training strategies were employed in an attempt to bring about such a future, and what implicit or explicit theories of education and rural economic development did they embody?
4. What kinds of education and training did displaced TAC workers (the targeted group) actually receive and what impact, if any, did the training seem to have on them and their post-TAC employment?
5. What factors seem to explain the perceived impact of these training strategies on the post-TAC employment of laid-off workers and on the county’s economy?

Key Concepts Used in the Research Questions
Several terms that are used in the research questions are defined below and elsewhere in this manuscript. These definitions are for the purposes of this study but are based on my reviews of relevant literatures. The county is described as economically marginalized. An economically marginalized entity is one that is worse off according to some monetary or non-monetary measure in relation to “the rest of society, or the rest of the economy, or simply the average” or in relation to several entities that lie on a continuum for a given measure (Kanbur, 2007. p. 1).

The term workforce education and training programs refers to the specific programs that are targeted toward displaced workers by the federal government and include programs under the Job Training Partnership Act Title III (JTPA), its successor, the Economic Dislocation and Worker Assistance Adjustment Act, the Trade Adjustment Assistance Act (TAA) and the North American Free Trade Agreement (NAFTA-TAA). Each program provided a variety of education and training services including the following: GED and remedial academic courses, short-term retraining courses, occupational certifications, two-year post-secondary degree programs, and in some cases, micro-enterprise training.

The term displaced workers refers to those that qualified for federal job training programs (described in Chapter 4) and includes the following: someone who has been laid off or gotten notice of his or her impending layoff due to a permanent facility closure or substantial layoff and is not likely to work in that occupation or industry again; is entitled to draw or has exhausted unemployment benefits; is long-term unemployed with limited chances for reemployment in the same occupation in his or her local area including older workers with barriers to employment due to age; is a self-employed individual who became unemployed because of a natural disaster or poor economic conditions in their communities; or is a displaced homemaker who was dependent on another and lost that support (National Commission on Employment Policy, 1991).

**OVERVIEW OF THE MANUSCRIPT**

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4 This concept is described in greater detail in Chapter 3.
5 These programs were those that served the workers in Alongways County. These are described in greater detail in Chapter 4 along with other programs that served displaced workers in the past and today.
In Chapter 2, I review the literatures and theoretical frameworks that establish the basis for contextualizing my case study and for critically analyzing and explaining larger macro-scale processes, events, and policies that affected the county’s workforce development and economic recovery efforts. The discussion of the methodology used for the study is in Chapter 3. In Chapter 4, I discuss the theoretical and ideological approaches that are the basis for federal workforce education and training programs and findings from relevant studies on the impacts these programs have had on displaced workers and communities that have experienced deindustrialization. In Chapters 5, I present my findings regarding the historical and contemporary employment situation of the county in my case study and the situation of its workers during its pre-industrial, industrialized, and deindustrializing eras. In Chapter 6, I present my findings regarding the workforce development efforts in the county and its impacts on the county and the targeted group, the displaced TAC apparel plant workers. In Chapter 7, I conclude with a summary and analysis of my findings that consider the theoretical, policy, and practical implications of this study for workforce education’s role in rural community redevelopment.
CHAPTER 2

LITERATURE REVIEW

In this chapter, I discuss the processes of economic globalization which reorder the international division of labor and restructure work, and how these processes are impacting local and global labor markets. Second, I examine dominant and alternative ideas of development and how these influence different conceptions of education and its role in society. And third, I discuss the relationship between education and work from the perspectives of neoclassical economics, political economy, sociology, and cultural studies as they are presented in human capital theory, labor market theories, reproduction theories of education, and credentialing and screening theories.

THE GLOBAL CONTEXT OF WORK

Production and work occur within the global economy which some have described as “knowledge-based” and indicative of a new era (Carnoy, 2000; Dicken, 2000; Friedman, 2000). Regardless of this description, it is clear that individuals, common interest groups, business firms and governments are responding to this dynamic environment with efforts to shape the future in their respective interests, which are often in conflict. Given this context, I present a discussion of the concepts of globalization and the global economy, how they affect the restructuring of production and work and implications for labor, particularly women workers.

Globalization and the Global Economy

What is Globalization?

The term “globalization” has been used for the last two decades to describe processes and activities that occur on a global scale in the economic, cultural, and political arenas. Sen defines globalization as an “intensification of the process of human interaction involving travel, trade, migration, and dissemination of knowledge that has shaped the progress of the world over
millennia” (Sen, 2000, p. 2). Others have noted that improvements in communications and transportation technologies have changed how people think about time and space, permitting greater spatial distribution of knowledge and linkages among regions, people, cultures, and organizations on a global scale (Carnoy, 2000; Dicken, 2000; Friedman, 2000; Harvey, 1989/1990; Lechner & Boli, 2000). This, in turn, affects how and where people and corporations organize work and social life and allows new forms of societal institutions that function and interact as parts of the larger global system (Carnoy, 2000; Lechner & Boli, 2000). Functional integration, however, does not necessarily occur evenly. Global processes interact with local processes and contexts to reproduce uneven development across time and space (Chase-Dunn, 1999; Dicken, 2000). “The economy may be a driving force in global change in some periods, but its effects depend on what happens outside of world markets” (Lechner & Boli, 2000, p. 2).

The global economic environment in which work occurs is inherently linked to other global processes and it is important to recognize globalization in its many forms:

Economic globalization generally refers to expansion and intensification of international trade and investment; political globalization to the organization of transnational governmental and regulatory institutions and the diffusion of liberal political ideology and institutional forms; and cultural globalization, often but not always, to the spread of Western ideas and cultural practices. (Manning, 1999, p. 138)

While these forms of globalization are linked, they also describe specific sets of changes in social processes and interactions. Economic globalization refers to a variety of activities and processes that occur within new systems of production, finance, and consumption (Sklair, 1999). Political globalization has brought calls for more political participation and attention to human rights in response to the social problems that arise from changes in global economic power structures (Stromquist & Monkman, 2000). Cultural globalization is characterized by changes in consumption patterns and identities that accompany increased flows of people, goods, and knowledges (Stromquist & Monkman, 2000).

The global integration of markets, finance, goods, and services and the networks created by transnational corporations have brought radical transformations in a relatively short time. This is largely due to technological innovations that make real-time transmission of information and financial transactions possible as well as greatly reduced transportation
and transaction costs (Barber, 2001; Carnoy, 2000; Chase-Dunn, 1999; Dicken, 2000; Friedman, 2000). Corporations respond to this changed reality by seeking competitive advantage through a series of global strategies. These strategies include: restructuring to allow flexibility in product design and marketing; switching jobs to part-time, sub-contracted, or temporary employment to meet flexibility in demand; and segmenting tasks into low- and high-skill levels and then relocating production, assembly and service processes to minimize labor costs (A. Amin, 1994; Appelbaum & Batt, 1994; Carnoy, 2000; Dicken, 1998).

Is Globalization New?

Some of the controversy surrounding globalization concerns whether or not it is a new phenomenon. Many argue that globalization processes are not new. Chase-Dunn (1999) identifies recurring waves of economic, political, and cultural integration as part of a continuing cyclical pattern that has occurred over the last 600 years. Abu-Lughod (1989) notes that world empires were linked through trade and exploration as early as the 14th century in pre-capitalist world societies in Europe and Asia. In 1873, U.S. President Ulysses Grant recognized the prospect of globalization in his inaugural address:

As commerce, education, and the rapid transition of thought and matter, by telegraph and steam have changed everything, I rather believe that the great Maker is preparing the world to become one nation, speaking one language, a consummation which will render armies and navies no longer necessary. (cited in Bender, 2002, p. 239)

Arrighi (1999) argues that modern-day “globalization” contains many of the same elements of pre-industrial global mercantilism in 17th century Europe, Western industrialism and European colonial imperialism of the late nineteenth century and the post-World War II national development era. Hirst and Thompson (1996) similarly argue that globalization is a quantitative rather than qualitative change, as capitalism, trade, and investment expand internationally. Some “not-new” advocates see current processes as just a renewed version of Western imperialism, “a polite euphemism for the continuing Americanization of consumer tastes and cultural practices” (Strange, 1996, p. xiii).

In contrast, those who believe that the current era of globalization is new argue that the processes occurring in the world economy today are qualitatively different from those in past
eras (Carnoy, 2000; Dicken, 2000; McMichael, 1996; Sklair, 1999). They are careful to
distinguish “internationalization,” which occurred in prior eras, from “globalization.”
Internationalization is seen as an increase in economic activities across national boundaries.
Although international firms engage in trans-border investment and trade, they fall short of being
truly global because they maintain a large portion of assets in a home country and are greatly
impacted by that country’s economic policies. Additionally, in an internationalized (as opposed
to globalized) economy, trade, and finance regulation by national governments is still driven
primarily by domestic economic interests. However, in the new “globalized” economy, firms are
engaged in more than just increased international trade and investment. There is a qualitatively
new level of geographic dispersion and integration of economic activity (McGrew, 1992). As
Sklair (1999) notes: “‘Global’ signifies the emergence of processes and a system of social
relations not founded on the system of nation-states” (p. 145).

Arrighi (1999) and Ohmae (1995) identify a corresponding shift in political power. Until
the end of the Cold War era in the early 1980s, the balance of power was held by nation-states
and corporations and individuals generally interacted with the rest of the world through nation-
state institutions. Friedman (2000) argues that the new system is built around a new power
structure in which there are three balances: 1) the U.S. vs. all other nation-states, with the U.S. as
a hegemon that exerts financial, cultural, and political dominance over all others and is the
stabilizing force; 2) nation-states vs. global markets, with global financial centers that are able to
exert economic power over nation-states by moving capital in and out of markets; and 3)
individuals vs. nation-states, with new technologies and information networks that give “super-
empowered” individuals the ability to exert power and promulgate ideologies in the international
arena, unmediated by nation-states (e.g., Osama bin Laden).

Those who say that globalization is indeed a new phenomenon – whether or not they see
this change as beneficial – point to the increasing power of transnational corporations as an
example of the shift to power at a global scale. Dicken (1998) describes a transnational
corporation as “a firm which has the power to co-ordinate and control operations in more
than one country, even if it does not own them” (p. 8). In other words, asset ownership is
not necessarily required to exert control. Firms may increase their international control and
economic interdependence through the internationalization of production networks. The
shift to global production involves deeper horizontal and vertical network integration that extends beyond simple trade of goods and investment in stocks of foreign firms (Dicken, 1998; Gilpin, 1987/2000). Most TNCs operate not from national interests, but from the interests of their controlling owners and their global strategies and sizable wealth give them great economic control in small foreign countries or domestic regions where they are present (Sklair, 1999). Such power shifts may produce imbalances between government and the private sector that, in essence, erode the power of nation-states and their democratic institutions (Barber, 2001).

This shift in economic power to TNCs, however, does not preclude national governments from taking an active role in making economic policy (Carnoy, 2000). However, such policy is often dictated and implemented through intergovernmental organizations such as the World Trade Organization (WTO) and the International Monetary Fund (IMF). Because complex interactions occur between the private sector and national governments and intergovernmental organizations, global economic activities are influenced by a mix of corporate strategies and government policy that affect how trade, investment, and the production of goods and services occur globally.

**Trade, Production, and Work in the Global Economy**

The shift to globally integrated production coordinated by TNCs has been paralleled by shifts in how goods and services are produced and where they are produced. Because this research focuses on education policy regarding displaced, low-skilled manufacturing labor, the prior and current contexts of the production of goods will be emphasized here. As a reference point for examining the changes that have occurred, I first describe general theories of trade and investment and methods of mass production that existed in the industrialized era prior to globally integrated production. Then I discuss how TNCs have engineered the global restructuring of production. Finally, I examine how that has affected work in the U.S. manufacturing sector, with a focus on women workers.

**Classical Theories of Trade**

Classical theories of economic development presume that technical progress, as applied to labor and production of goods, is linked to productivity increases and economic growth. Although the utility of these theories for explaining current economic processes is
a debated topic, they have played a crucial role in shaping economic policy since their inception and still guide much current policy.

In the late 1700s, industrial economies began developing in Western Europe and the United States. Economist Adam Smith (1776/1991) wrote about the concepts of the division of labor and unregulated markets. In applying his ideas of efficiency to production and labor, Smith described the “division of labor” as task specialization by individual workers. In its essence, his idea was that work processes for making a particular good should be subdivided into simple, sequential tasks. Individual workers could then specialize in performing only one or a few tasks, rather than making a product from beginning to end as in craft production. The rationale was that a worker would become faster and therefore more efficient at performing the same routine task(s). This would increase the number of units made per labor hour and reduce labor costs per unit. More efficient use of resources would yield productivity gains and thus spur economic growth. Smith also believed that more efficient production would stimulate demand because lower-cost products would become available to those who had not been able to buy them.

Smith promoted the “invisible hand” of the unregulated market as an economic system in which labor productivity would translate into economic growth. He believed that an absence of government interference (e.g., barriers and taxes) in markets would most efficiently allocate resources to production and distribute the output. Indeed, classical political economists, including Smith and Karl Marx (1887/1999), identified the transition from feudal serfdom to wage labor and the related rise in free markets, as the turning point from feudalism to capitalism. Of the classical political economists’ analyses, Piore and Sabel (1984) write:

The moral of the story was that economic interests would reshape political institutions according to the requirements of increasing efficiency. The most that states could do was to obstruct the progress of specialization temporarily…. Freedom—the absence of state interference in the self-organization of the economy—expedited economic development (p. 23).

Early in the industrialized era (i.e., the early 1800s), divisions of labor were generally by task within firms and by geographic regions within economic sectors such as manufacturing, natural resource development and agriculture. Less developed countries and
regions produced and traded raw materials and food for manufactured goods from industrialized countries. Classical economist David Ricardo (1817/1821) offered his principle of comparative advantage as an explanation for geographical specialization of production and trade. Dicken (1998) summarizes this principle as that which leads a country (or region) to “specialize in producing and exporting those products in which it has a comparative, or relative cost, advantage compared with other countries [or regions] and… [to] import those goods in which it has a comparative disadvantage” (p. 74).

Heckscher and Ohlin (1933/1949/1991) extended Ricardo’s theory of trade in an attempt to explain why such geographical differences occur. They stressed that the resources needed to produce a specific good (e.g., land, labor, financial capital, technology) are not evenly distributed to all regions. For example, some countries or regions have relatively abundant natural resources while others have relatively large supplies of labor. In theory, a country with abundant cheap labor should make products that require large quantities of labor in relation to other inputs. They should then trade domestically-produced products for foreign-made goods from countries that have a ‘comparative advantage’ in other resources because this is more efficient than a single country producing all the goods it needs for domestic consumption.

In the 19th century, Britain organized production amongst its colonies to maximize comparative advantage. Canada produced and exported timber while island colonies in the Caribbean grew and exported sugar and other agricultural products. This permitted Britain to specialize in manufactured goods. Activities of this kind increased both international trade and economic interdependence between industrialized and less developed regions. However, there is much debate in the development literature about who benefits most from such trade (especially between countries with unequal economic power) and whether countries are really better-off if specialization leads to dependence on foreign-produced goods.6

Despite the increased interdependence in trade, through most of the 19th and 20th centuries, firms’ production processes were located primarily within a single national

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6 See the discussion of “Structuralist Development Economics” later in this chapter.
economy. Classic industrial location theory of this era was applied in a way that generally assumed decisions were being made in a national and not global context. Alfred Weber (1909/1929) attempted to explain why firms chose specific locations as sites for production. His ‘location theory’ focused on cost trade-off decisions that individual firms make in choosing locations. Weber reasoned that firms would choose locations to minimize the costs of transportation of materials and distribution. However, a firm’s location preference might depend on cost savings from cheaper labor or increased external economies of scale that outweighed additional transportation costs. Until the late 20th century, the relatively high transportation costs and difficulties in global communication made investments in foreign industrial location generally less profitable than investments in foreign stock portfolios. 

Today, economists question the utility of classical theories of trade on the grounds that classical economists’ assumptions about conditions may not exist in the context of a globalized economy. The assumptions in Adam Smith’s theories concerning the operation of efficient markets (i.e., perfect competition between many small firms and perfect information about product markets) must be true in order for markets to operate as he envisioned. Whether or not these conditions ever existed, this is hardly the case today as global economic activity is dominated by TNCs that operate as oligopolies (Dicken, 1998; Gilpin, 1987/2000; Sklair, 1999). TNCs’ relative size and their influence on markets and government policy pose problems for Smith’s assumption of perfect competition and self-regulation of efficient markets. In addition, contemporary economists have challenged Smith’s theories about perfect information. Most notably, the recipients of the 2001 Nobel Prize in Economics, George Akerlof, Michael Spence, and Joseph Stiglitz won for their analyses of markets with asymmetric information. Stiglitz (Columbia News, 2001) summarized this work:

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7 External economies of scale are those advantages gained from proximity to customers, suppliers, services, labor pools and research and technology centers.

8 Prior to the 1960s, economic theories of international capital movement largely assumed that TNCs were not driven by the desire to make profits from control of foreign production as much as the desire to maximize investment profits. In general this could best be accomplished by short-term investments in portfolios of stocks of foreign firms (Dicken 1998; Gilpin 1987/2000).
Market economies are characterized by a high degree of imperfections. Older models assumed perfect information, but even small degrees of information imperfections can have large economic consequences. Our models took into account asymmetries of information, which is another way of saying “Some people know more than others”. (para. 3)

One may conclude from this finding that markets are not the perfectly efficient allocators envisioned by Adam Smith.

Changes in the costs and mobility of resources also limit the usefulness of Ricardo’s theory of comparative advantage. His theory assumed immobile resources, no transportation costs, evenly distributed technologies, and no economies of scale (Dicken, 1998; Gilpin, 1987/2000). In reality, some resources are highly mobile (e.g., financial capital) while others remain relatively immobile (e.g., labor) on a global scale. Transportation costs, a primary consideration in Weber’s location theory, have decreased dramatically and are less important today. Rapid technological developments and innovation are key factors in developing a competitive edge among TNCs. In addition to falling transportation costs, major cost reductions in communications, and in financial and information technologies have allowed TNCs to restructure their organizations to permit more flexibility in production and marketing and to reach new global markets (Appelbaum & Batt, 1994; Carnoy, 2000; Dicken, 1998; Friedman, 2000; Gilpin, 1987/2000; Harrison & Bluestone, 1988).

Since the 1960s, TNCs’ foreign direct investments (FDI) have been increasing steadily and dramatically (Dicken, 1998; Gilpin, 1987/2000; Harrison & Bluestone, 1988). This trend has been recognized as “the most comprehensive single indicator of the activities of transnational corporations and of the growth of international production” (Dicken, 1998, p. 42). The primary goal of FDI is to gain some degree of long-term control in the management of a foreign firm through stock ownership and realize benefits beyond those gained from portfolio stock investments (International Monetary Fund, 1993). Benefits are

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9 The IMF defines portfolio investments as those made in debt and equity securities without the intent to establish lasting influence or control and with the expectation of shifting these investments to match one’s short-term profit objectives (IMF, 1993).
sought over time via transactions that achieve competitive advantages. In addition, shifts in geographic and sectoral distribution of FDI are significant. The strategy of sectoral-specific investments “is usually based on the existence of some competitive advantage over local firms, advantages that the corporation wishes to exploit or preserve … [and] creates economic relations…in the internal affairs of a country” (Gilpin, 1987/2000, p. 366). Such advantages may include decreased production costs, tax and tariff reductions, and increased external economies of scale.

Dicken (1998) argues that FDI increases in newly industrialized and developing countries indicates that a more complex pattern of capital flows is occurring and that the international division of labor between richer and poorer countries is changing. TNCs have shifted their investments in low-tech, low-skill manufacturing industries to poorer countries and increased domestic investments in high-tech, knowledge-based manufacturing and related financial, information, and communications support services (Carnoy, 2000; Dicken, 1998; Friedman, 2000; Harrison & Bluestone, 1988). This has created rising structural unemployment in the U.S. from job-losses in traditional manufacturing industries, resulting in a disproportionate displacement of low-skilled workers.

Methods of Mass Production

These changes in spatial patterns of trade and investment have been accompanied by changes in methods of production, which similarly have evolved considerably over the last two hundred years. As mass production developed, task specialization lent itself to the development of machines that could perform individual tasks, which increased divisions of labor and allowed mass production of goods. At the end of the 19th century, Frederick Taylor (1911), an American engineer, studied industrial work processes and proposed a system of more efficient production. His ideas were widely adopted by American manufacturing industries and spawned greater task specialization and closer supervision over production workers. Today, the term “Taylorism” is used to describe a system of organizing work “based on the separation of conception and execution, the use of large-scale dedicated equipment, and a detailed division of labor into routinized tasks to produce large volumes of standardized products” (Appelbaum & Batt, 1994, p. 249).
U.S. industrialist Henry Ford developed and popularized large-scale, assembly-line production of standardized goods in his automobile manufacturing plants in the 1920s. While variations existed across manufacturing sectors, this production method adapted Taylorist principles of specialization and is now referred to as “Fordist mass production”, and served as the model for manufacturing consumer goods for most of the 20th century (A. Amin, 1994; Dicken, 1998; Piore & Sabel, 1984). Within a firm, a single manufacturing plant usually made only a few product designs in mass quantities because the automated machinery could not readily be altered to make a larger range of product designs. The lower unit costs achieved from mass production provided sufficient competitive advantage to boost the U.S. world market share in production of consumer goods. Manufacturing industries maintained tight control over labor via strict labor hierarchies that separated managerial/professional (white collar) workers from production (blue collar) workers. Blue-collar workers were usually semi-skilled or unskilled wage laborers. Most relied on union representation and seniority-based promotions to achieve better pay, working conditions, and benefits (e.g., family health insurance, retirement pensions, and sick leave and vacation pay). College-educated, white-collar workers were salaried under individual employment contracts. The management-labor bargaining relationship was clear and, while not without major struggle at times, it contributed to higher levels of worker productivity and real income for U.S. blue-collar workers over the period from the mid-1940s to the mid-1970s (Appelbaum & Batt, 1994; Carnoy, 2000; Harrison & Bluestone, 1988). These relatively well-paid workers, in turn, provided a market for the less expensive, mass-produced consumer goods.

This seemingly simple system of production and labor arrangements had ramifications far beyond the workplace. Jessop (1991) describes Fordism in terms of four contextual areas of influence:

*As a labor process:* It involves mass production based on moving assembly-line techniques operated with the semi-skilled labor of the mass worker … mass production is the main source of dynamism.

*As a stable mode of macroeconomic growth:* Fordism involves a virtuous circle of growth based on mass production, rising productivity based on economies of scale,
rising incomes linked to productivity, increased mass demand due to rising wages, increased profits based on full utilization of capacity and increased investment in improved mass production equipment and techniques.

As a mode of social and economic regulation: Fordism involves the separation of ownership and control in large corporations with a distinctive multi-divisional, decentralized organization subject to central controls (Taylorist division of labor); monopoly pricing; union recognition and collective bargaining; wages indexed to productivity growth and retail price inflation; and monetary emission and credit policies orientated to securing effective aggregate demand. In this context the key wage demands will be struck in the mass production industries; the going rate will then spread through comparability claims among the employed and through the indexation of welfare benefits financed through progressive taxation for those not economically active. This pattern need not mean the demise of dual labor markets or non-unionized firms or sectors as long as mass demand rises in line with productivity.

As a pattern of social organization: In this context, it involves the consumption of standardized, mass commodities in nuclear family households and provision of standardized, collective goods and services by the bureaucratic state. The latter also has a key role in managing the conflicts between capital and labor over both the individual and social wage. These latter features are clearly linked to the rise of Keynesian economic management and the universalist welfare state but neither element is essential for the growth of Fordism. (pp. 136-37)

As premised nearly two centuries earlier by Adam Smith (1776/1991), efficiencies realized through work systems organized around mass production contributed greatly to increased productivity rates. Such increases were generally credited (rightly or wrongly) with rapid economic growth rate increases in industrialized economies. Rapid growth in productivity and manufacturing output in the U.S. secured its position as the world’s dominant economic force from post-WWII to the mid-1970s. During that era, demand was strong for mass-produced, standardized consumer goods and manufacturing productivity grew largely due to the following: 1) Firms using Taylor’s work organization for production were able to lower unit
costs through economies of scale realized from operating at or near full capacity; 2) Wage increases kept pace with productivity increases due to union bargaining efforts and these real wage gains raised consumption; 3) U.S. firms had very little international competition and were able to use price increases to raise profits; and 4) Accumulated profits were invested in technology improvements that further increased labor productivity (A. Amin, 1994; Appelbaum & Batt, 1994; Dicken, 1998; Harrison & Bluestone, 1988).

Additionally, a rising minimum wage, an increase in the number of white-collar jobs and demand-stimulating fiscal policies combined to increase U.S. domestic consumption. Appelbaum and Batt (1994) summarize this confluence of favorable conditions: “A rising standard of living for workers and a growing middle class contributed to the growth in mass consumption that justified mass production and made it profitable” (p. 15).

The Shift to Post-Fordism

At its peak in the early 1960s, the U.S. share of world manufacturing production was 40%, but by 1994 it had fallen to 27%. During roughly the same time period, developing countries’ share of manufacturing production increased from 5% to 20%, with the most pronounced growth of manufacturing share occurring in the newly industrialized countries (NICs) of East and Southeast Asia (Dicken, 1998). Asian NICs, with lower labor costs, began producing cheaper standardized consumer goods and significantly increased exports to industrialized economies of the West (Appelbaum & Batt, 1994; Dicken, 1998; Harrison & Bluestone, 1988).

For the first time, U.S. manufacturing firms faced intense international competition for world markets and could not raise prices to increase their profits. The advantages of mass production in the U.S. (lower unit costs, large world market shares, rising profits) began to slip away as U.S. firms began operating below capacity and unit costs rose (Appelbaum & Batt, 1994; Kolko, 1988/2000). In addition, the cost of business-related service inputs (communications, information, and financial services) fell, which increased global trade and competition. As consumers were exposed to a broader range of products, they increasingly demanded higher quality and lower prices. Additionally, as international trade increased, customers demanded products tailored to local tastes. Many of these now could be produced via

In this changing economic environment, U.S.-based TNCs shifted to competitive strategies that emphasized raising short-term profits via cost-cutting. This spurred interrelated changes in government economic policy, foreign investment patterns, and the business-labor relationship (Carnoy, 2000; Gilpin, 1987/2000; Harrison & Bluestone, 1988). During the early 1980s, TNCs aligned with the sympathetic Reagan (U.S.) and Thatcher (U.K.) administrations to support economic policies guided by the principles of neoliberalism. Neo-liberal policies favor deregulation, privatization, business-friendly trade policies (e.g., free-trade blocs, reduced tax incentives, lower tariffs, increased access to foreign financial markets), and cost cutting, especially in social benefits programs. The adoption of these policies increased foreign direct investments, as TNCs found an environment conducive to establishing control in foreign firms and shifting labor-intensive production processes overseas (Kolko, 1988/2000). Stuart Hall (1988) summarizes the multiple transformations associated with “post-Fordism”:

[It encompasses] a shift to the new ‘information technologies’; more flexible, decentralized forms of labor process and work organization; decline of the old manufacturing base and the growth of the ‘sunrise’, computer-based industries; the hiving off or contracting out of functions and services; a greater emphasis on choice and product differentiation, on marketing, packaging, and design, on the ‘targeting’ of consumers by lifestyle, taste, and culture rather than by…categories of social class; a decline in the proportion of skilled, male, manual working class, the rise of the service and white-collar classes and the ‘feminization’ of the workforce; an economy dominated by multinationals, with their new international division of labor and their greater autonomy from nation state control; and the ‘globalization’ of the new financial markets, linked by the communications revolution (p. 24).

As with globalization, scholars debate the significance of these changes in the organization of production given the dynamic nature of capitalism (A. Amin, 1994). Some see this period as the beginning of a new, more volatile, technologically-driven system of economic and social organization that is antithetical to Fordism. Others argue that it is a continuation of the dynamic and expansive processes of capitalism at work, i.e., the dialectical and evolutionary
social processes that are uneven and continuous and are defined by labor exploitation, class struggle, and contestation. Regardless of the position taken in this debate, scholars commonly use the term ‘post-Fordism’ to refer to the production changes that have occurred since the mid-1970s.

**Corporate Restructuring of Production**

**The Internationalization of Production**

Transnational corporations (TNCs) have greatly influenced the vast expansion and integration of global economic activity since the 1970s. Because TNCs vary in size, organizational structure, national origin, and strategy, there is no single explanation that captures how or why they reorganize production and labor processes as they do (Dicken, 1998; Gilpin, 1987/2000). However, a general pattern of common restructuring strategies of manufacturing firms in mature industries will be discussed in this section.

During the post-WWII expansion of U.S. manufacturing output, large U.S. firms were already involved in international trade of finished products and raw materials and in investments in foreign portfolio stocks. Manufactured goods were produced primarily in domestic facilities for both U.S. and export markets. TNCs’ early expansion of FDI formed ‘horizontal investments’ in overseas production facilities that duplicated domestic operations ¹⁰ (Gilpin, 1987/2000). Corporations adopted this strategy to locate production close to important foreign markets and avoid host-country import tariffs and were often supported by developing countries eager to expand production capacity. Because of increased global competition in the 1970s, TNCs developed new strategies to capture growing demand in overseas markets and greater shares of global profits. A primary strategy was the “internationalization of production” which involved geographic specialization by production process or product component. Technology changes in communications and transportation and increased mobility of finance capital reduced the costs of rearranging and relocating production processes throughout the world (Carnoy, 2000; Dicken, 1998; Gilpin, 1987/2000; Harrison & Bluestone, 1988; Kolko, 1988/2000).

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¹⁰ This is also known as host-market production or, from the host-country perspective, import substitution production.
The goal was to raise productivity rates and/or lower costs of production by exploiting the geographical differences in production resources and national trade, taxation, and currency policies.

Geographic variations in labor costs have been a major consideration in the internationalization of production, especially for industries that use standardized production processes. Labor mobility between countries is still highly limited in relation to the mobility of financial capital, raw materials, and goods (Carnoy, 2000; Dicken, 1998; Gilpin, 1987/2000). National and regional labor markets vary due to differences in structural features of labor (e.g., sector type, occupations, skill levels, wage levels, and composition by gender, race, and class) as well as differences in political power (Kolko, 1988/2000; Peck, 1996). These disparities in structural features and in national migration policies are sources of great geographical unevenness in labor costs, productivity levels, and labor controllability that can be exploited by TNCs.

The spatial disaggregation of production and labor has been accomplished via “vertical investment.” Vertical investment may take the form of vertical integration in which a firm controls a range of production operations, at various locations, at various points along a product’s commodity chain. It also may occur through less-direct means including outsourcing, sub-contracting, and inter-corporate alliances. However it is achieved, vertical investments achieve a number of benefits for the firm:

Vertical investment [and integration of production] occurs when a firm invests abroad in activities that (1) provide inputs for the home production process or (2) use the output of home plants. [It involves] the fragmentation of the production process and the location throughout the world of various stages of component production and the final assembly of components. This fragmentation is intended to achieve economies of scale, to take advantage of cost differences of different locales, and to exploit favorable government policies such as tariff codes that provide duty-free entry of semi-finished products or of goods assembled abroad from components produced domestically. (Gilpin, 1987/2000, p. 373).
Additionally, vertical investment provides TNCs with increased flexibility to rearrange production levels and locations as conditions change (Bluestone & Harrison, 1982; Carnoy, 2000; Dicken, 1998; Gilpin, 1987/2000; Kolko, 1988/2000).

Manufacturing TNCs that used well-developed, standardized processes in mature product industries were well positioned to disaggregate production tasks. Labor-intensive production processes were relocated to less developed countries with lower labor costs. By fragmenting the production processes into logically related sets of tasks and distributing these new locations, TNCs divided labor across new production chains and networks of foreign firms (via subcontracting, outsourcing, etc). In the early 1970s, Stephen Hymer (1971/1979) coined the term “the new international division of labor” to describe the relocation of traditional manufacturing operations from core regions in developed countries to peripheral regions in less developed countries. Hymer (1971/1979) wrote:

A regime of multinational corporations would tend to produce a hierarchical division of labor between geographical regions corresponding to the vertical division of labor in the firm. It would tend to centralize high-level decision making in a few key cities in the advanced countries, surrounded by a number of regional sub-capitals and confine the rest of the world to lower levels of activity and income. (pp. 157-58)

In other words, new divisions of labor within TNCs created parallel divisions of labor between core and peripheral regions. The international division of labor remains a significant TNC strategy because it creates new firm-specific comparative advantages that did not previously exist; more specifically, it creates a comparative advantage in labor costs that is now global in scale (Dicken, 1998; Kolko, 1988/2000). It is for this reason that vertically integrated production is key in establishing many TNCs’ competitive positions and expanded control in a global economy. Additionally, this mode of restructuring enables a firm’s corporate headquarters to utilize its domestic comparative advantage in knowledge and technology (e.g., product research, design, marketing, financial services) while directing and coordinating a global production system.

A significant source of global economic control for TNCs lies in the underlying substance of the economic activity that occurs in restructuring arrangements. The internationalization of production has greatly increased intra-firm trade that, by many
estimates, now comprises a substantial proportion of world trade (Dicken, 1998; Gilpin, 1987/2000). Though intra-firm activities are within single, oligopolistic firms, much of the trade is transnational. Intra-firm trade is regulated via internal decisions of the firm and is not driven by true market-based exchange (i.e., transactions do not occur in open markets at equilibrium prices). The greater ability to control production supply and demand chains from within while exploiting asymmetries of information is a TNC strategy for managing uncertainty and beating the competition (Dicken, 1998). This, of course, is a far cry from classical trade theory’s assumptions regarding self-regulating markets, perfect information, and the efficient allocation of production.

**Restructuring and the Reorganization of Work**

Since the 1970s, the restructuring of production has transformed the context of work, i.e., the kinds of work people do, the nature of jobs, and the composition of the workforce. The trend in less-developed countries (LDCs) has been a concentration in export-oriented manufacturing, largely due to the relocation of labor-intensive, assembly-line production from industrialized countries. With manufacturing relocating to LDCs, post-1970 economic growth in the industrialized countries has been concentrated in the service sector. In all industrialized countries, services had surpassed manufacturing as a proportion of total gross domestic product, employment, and foreign direct investment by the mid-1990s (Appelbaum & Schettkatt, 1990; Dicken, 1998). Kolko (1988/2000) describes this shift and the accompanying reorganization of work as follows:

> The most significant new characteristics for the entire industrial capitalist world, in addition to the export of jobs in search of cheap labor, have been the shift from relatively high-wage factory work in heavy industry to low-wage service occupations, the importance of part-time and temporary employment, and the predominance of lower-wage women workers in the occupations with expanding employment. (p. 277)

The service sector includes both private and public sector activity and is extremely diverse. Business services are the fastest growing area and provide the highest paying

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11 Categorization of sub-sectoral activity varies in the literature with obvious overlaps in each area. For the general purposes of this discussion, business or production-oriented services include finance, insurance, real estate, professional services, transportation and communications. Personal or consumer-oriented services include
service jobs. This is particularly true for college-educated workers in professional occupations and information/knowledge-intensive jobs (Appelbaum & Albin, 1990; Carnoy, 2000). However, the majority of service sector jobs are in personal services that employ less-educated, low-skilled workers at wages averaging far less than those in manufacturing (Appelbaum & Albin, 1990; Brown & Hesketh, 2004; Carnoy, 2000; Dicken, 1998; Kolko, 1988/2000). In cases where manufacturing and service sectors are in symbiotic relationships, economic downturns, technology developments (e.g., automation), restructuring, and internationalization have affected them in similar ways (Dicken, 1998; Kolko, 1988/2000). This is especially evident even in the financial and professional services areas. These sub-sectors experienced phenomenal growth in the 1990s, but during the post-2001 U. S. economic recession, they experienced widespread business failures and lay-offs and have been somewhat vulnerable to off-shore outsourcing (Dicken, 1998; Eaton, 2002).

In the U.S., the restructuring of production and corresponding job growth in the service sector have altered the nature of jobs and heightened the corporate focus on flexibility. The concept of flexibility has been described in the restructuring literature as pertaining to everything from production methods to organization structures to labor markets. The discussion here will focus on flexibility as it applies to employment and work practices.

Flexibility is the dominant concept used to describe the transformation from Fordism to post-Fordism. Carnoy (2000) describes two types of workplace flexibility that are found in varying combinations, even within single firms:

The high road of improving productivity [is] by developing high performance workplaces based on worker training, worker participation, wage incentives, and job security. Both blue- and white-collar work are reorganized along new forms of a white-collar model in which workers pursue and are rewarded for achieving individual and collective performance goals and in which flexibility and fluidity are not viewed by workers as a threat; and the low road [is] reducing labor costs through wholesale and retail trade, restaurant, hotel, recreation, tourism, entertainment, household, health, education and welfare services (Appelbaum & Albin, 1990; Dicken, 1998).
outsourcing labor hires, fixed-term and part-time labor contracts, and pressuring government to reduce real minimum wages and the power of unions. (p. 69)

The movement along the “low road” to a more flexible labor force began as a domestic corporate response to the U.S. economic recession of the early 1980s, but what was once a billed a short-term survival strategy has now become the norm (Ashton & Green, 1996; Harrison & Bluestone, 1988). U.S. manufacturing corporations were first able to cut labor costs by gaining union concessions via threats to lay off workers or relocate plants to non-union or overseas locations. Unions agreed to wage and benefit cuts and work rule changes, as well as two-tier wage structures. Two-tier wage structures allow corporations to hire new workers at lower wages with fewer benefits, even while they perform the same jobs as more senior workers. This cost-cutting measure has worked particularly well as older workers have retired or have been displaced by plant closings, or in firms where high turnover has meant a constant stream of new, lower-waged employees (Aronowitz, 2001; Carnoy, 2000; Harrison & Bluestone, 1988; Kolko, 1988/2000). However, these union concessions have not been enough to keep manufacturing jobs in the U.S. or stop the trend toward union avoidance and further labor market fragmentation. U.S. firms have continued to close plants, vertically integrate production, move labor-intensive production overseas, and employ union avoidance strategies.

Several critics have noted that this “low-road” approach has been the dominant method of workforce restructuring in the U.S. and U.K., in contrast to Europe and Japan where more “high road” policies have been favored (A. Amin, 1994; Ashton & Green, 1996; Bluestone, 1995; Carnoy, 2000). The adoption of this approach in the U.S. and U.K. began as practical problem-solving informed by neoliberal pro-business attitudes (e.g., maximize short-term profits) (Ashton & Green, 1996; Krugman, 2002), but it has since evolved into an overriding ideology guiding national economic policy as Kolko (1988/2000) has argued:

These changes were largely the outcome of the objective operations of the system. But their advantages for capital and for the state were quickly apparent and they were adopted as part of a conscious strategy to restructure the economy. (p. 277)

In the U.S., firms have continued to gain control over domestic labor markets by creating functional and numerical flexibility. To achieve “functional” flexibility, jobs have been
redefined as “enriched” or “multi-skilled” so that individual workers perform several related
tasks that expand their range of abilities but not necessarily their skill levels (Appelbaum &
Schettkat, 1990; Dicken, 1998). Critics argue that this is simply a way of increasing productivity
by intensifying work and reducing worker idle-time (Tomaney, 1994; Elger, 1991). Indeed,
worker productivity in manufacturing and services has risen while the number of hours worked
has remained constant or dropped due to technological developments and work intensification
(Altman, 2002). To achieve “numerical” flexibility, firms have constructed jobs so that
workers can be hired and fired quickly and so that work times and weekly employment hours can
be easily altered (Appelbaum & Schettkat, 1990; Carnoy, 2000; Dicken, 1998).

The push for more flexibility means that the nature of many newer jobs in manufacturing
and services is part-time, sub-contracted, temporary or home-based. While the creation of a new
“contingent” workforce permits rapid contraction or expansion in response to changes in
demand, recent emphasis has been on contraction to reduce costs quickly when the economy
turns downward (Harrison & Bluestone, 1988). The costs savings realized from rapid workforce
reductions can be greater than subsequent rehiring costs. With a contingent workforce, it is
easier for firms to find replacements because there are more workers looking for employment at
any given time (Altman, 2002). While some workers prefer part-time or temporary work, many
others must settle for contingent jobs because they are unable to find other work. In addition,
some may move from one contingent job to another because they do not qualify for
unemployment due to their part-time or temporary status. Many contingent workers, often
referred to as the secondary labor market, make up the “working poor” and have no benefits such
as health insurance, sick pay, retirement pension, job security, training, or promotion
opportunities (Carnoy, 2000; Kolko, 1988/2000).\(^\text{13}\)

\(^\text{12}\) Service sector productivity lags behind manufacturing productivity, which continues to increase because of
increased use of computerized technologies. Though service sector productivity varies widely within sub-sectors,
the combination of overall lower productivity in the service sector and the increased importance of the service sector
as a proportion of the U.S. economy largely accounts for the lower rates of U.S. productivity growth in the past two
\(^\text{13}\) This is true even for some “high-skilled” college-educated professionals. Some work as sub-contracted
consultants because firms will not hire them as full-time employees. This trend has also increased in the public
sector, particularly in education. For example, adjunct faculty and graduate students at U.S. universities may teach
the same number of hours as core faculty, but are not eligible for full benefits, nor can they qualify for
unemployment during terms when there are no classes available for them to teach.
Work restructuring has created a labor market that is largely global, with huge supplies at the lowest wage and skill levels. As old jobs are ‘de-skilled’ or eliminated, new jobs require higher-level skills and are taken by younger, more educated workers (Brown & Hesketh, 2004). Older workers are displaced because they lack the skills to take these new jobs and often end up as the long-term unemployed or in lower-wage, contingent service-sector jobs. For the past three decades, average real annual earnings have declined steadily for non-college educated workers, have risen for those with advanced degrees, and rose slightly and then stagnated after year 2000 for workers with four-year degrees (Wolff, 2006). Growing wage inequality has been quite pronounced in the U.S. and the U.K., but there much debate about its source (Bluestone, 1995; Howell & Wieler, 1998; Krugman, 2002; Smith, 2001).

A popular argument is that a “skills mismatch” has occurred due to technological changes in the production of goods and services (Autor, Katz, & Krueger, 1998; Commission on the Skills of the American Workforce, 1990; Johnston & Packer, 1987; Reich, 1992). Proponents of the skills mismatch thesis claim that rising earnings inequalities are occurring because the new knowledge economy is suffering from a shortage of highly skilled labor which pushes up demand and wages for those with the right “high-tech” skills while lowering demand and wages for workers with obsolete and lower skill levels (Berman, Bound, & Machin, 1998; Katz & Murphy, 1992; Johnson 1997; Topel 1997).

To the contrary, others have found no evidence to link the growing wage inequality solely to increased skill requirements (Howell & Wieler, 1998; Lafer, 2002; Wolff, 2006). Instead, a combination of economic trends are responsible for growing U.S. wage inequality (Danziger & Gottschalk, 1995; Lafer, 2002; Mishel & Teixeira, 1991; Pryor & Schaffer, 1999; Smith, 2001) including “deindustrialization, the decline of unions, lean production, winner-take-all labor markets, free trade, transnational capital mobility, immigration, and a persistent trade deficit” (Bluestone, 1995, Whodunnit section, para. 1). These trends are

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14 By the late 1980s, the private service sector was the source of over 80% of new U.S. jobs and a majority were at the lowest end of the wage ladder (Kolko, 1988/2000).
really the result of major institutional shifts in social norms, management strategies, and macroeconomic policies that shift responsibility from the public sector to the private sector (Bluestone, 1995; Carnoy, 2000; Howell & Wieler, 1998; Krugman, 2002). The outcome, they charge, is substantially reduced social protections for labor, such as minimum wage standards, union support, and trade regulation. Gilpin (1987/2000) points out that the shift in U.S. macroeconomic policy benefited capital and foreign labor, but did nothing to compensate domestic labor for its losses.

There is also a debate over what is driving the turn to flexibility in work restructuring. Neo-liberals locate the forces behind flexibility in corporate management’s response to a changed economic environment (Reich, 1992). According to this view, as firms seek profits in this new environment, their goal is to reinvigorate global production and renew productivity growth by controlling risk and labor markets and by focusing on short-term financial controls. A Goldman Sachs economist speculated that corporate executives might have personal reasons to focus on short-term profits because “the fact that management's compensation is more directly linked to stock market performance might also have given them an incentive to cut costs more ruthlessly” (Hatzius cited in Altman, 2002, p. 2). Among corporate managers, a flexible workforce is more valuable than a stable one because flexibility is another source of cost savings and a necessary complement to new flexible production technologies that replace the rigid structures of mass production (Kolko, 1988/2000).

Those who subscribe to a more radical analysis see flexibility differently. Pollert (1991) believes that the obsession with flexibility in the restructuring literature has overshadowed the substance of U.S. restructuring and its overriding goal of weakening the position of labor. Some see flexibility as a way of resegmenting core and periphery regions into dual labor pools that force workers to compete with each other for jobs (Dicken, 1998). Others argue that the construction of flexible workforces is simply a new form of control by capitalists and point out the relations of production remain the same; labor is still an expendable commodity and there is still struggle between capital and labor (Kolko, 1988/2000; Tomaney, 1994). They argue that the outcome of restructuring is that capital has more power while labor has become even more expendable and more vulnerable (Kolko, 1988/2000; Peck, 1996).
Another aspect of work restructuring is the fragmentation of the workforce, both within single workplaces and across globally dispersed production networks. Fragmentation of the labor force separates workers from each other, thus limiting labor organizing efforts and making collective representation difficult (Kolko, 1988/2000; Carnoy, 2000). Carnoy (2000) posits that, unless compensatory measures are taken, there is nothing in flexible work structures to reintegrate workers socially and politically or offer the economic and emotional security that they had under Fordism. Less secure and more dispersed work arrangements mean that workers have less time to spend with their families and neighbors and engage in civic and community activities that are essential in building support networks. Carnoy thus believes that new work systems are not compatible with the traditional government welfare state model and that the free-market system will not provide adequate psychological, social, and economic support systems for individuals, families, and communities during this time of social transformation.

**Women and Work Restructuring**

In both developing and industrialized countries, the restructuring of work has increased women’s labor force participation. This ‘feminization of labor’ has occurred in both the formal and informal labor sectors (Kolko, 1988/2000; Standing, 1989; Ward 1990). Critics disagree over whether this “feminization of labor” has improved or diminished the status of women in society at large. Of course, the impact of workforce participation on an individual woman is dependent on the interaction of multiple factors (e.g., her social class, race, marital status, geographic location, education level, etc.). However, the focus here will be on women as a group and the influence that restructuring is having on the gendering of work and on related gender inequalities.

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15 The formal sector has been distinguished from the informal sector as work that has “clear separation between capital and labor; a contractual relationship between both; and a labor force that is paid wages and whose conditions of work and pay are legally regulated . . . . The informal sector is structurally heterogeneous and comprises such activities as direct subsistence, small-scale production and trade and subcontracting to semi-clandestine enterprises and home workers” (Portes & Sassen-Koob, 1987, p. 31). Women’s work has been reconceptualized to include all paid and unpaid work. For an analysis of how restructuring links women’s formal and informal sector work and homework and the complex relationship between them, see Ward (1990). Also see Nash, J. and Fernández-Kelly, M. (1983) on how women workers are affected by changes in the international division of labor.
Ward (1990) argues that women who earn incomes may neither gain additional autonomy nor experience either increased self-esteem or status within their families. She argues that scholars who celebrate women’s workforce participation fail to appreciate how it is linked with the global restructuring of work that relies on women’s subordinate social status and multiple roles (i.e., as wage laborers, unpaid domestic laborers, and mothers). Women, as a group, are disproportionately represented worldwide in the lower-paying, less secure jobs created by restructuring and therefore, critics argue, increased workforce participation has not necessarily improved women’s overall economic status, position in the labor force, or living standards. Standing (1999) similarly argues that women’s subordinate status is reproduced through the gendering of their participation in the workforce. This occurs both because women are segregated into low-paying jobs and because they retain primary responsibility for home and family maintenance, even as they participate in the paid workforce.

In developing countries, young women make up the majority of the workforce in rapidly expanding export-oriented industries, with particularly high levels of representation (as much as 80-90% in some regions) in textile, apparel, electronics, and pharmaceuticals production (Dicken, 1998; Kolko, 1988/2000; Moghadam, 1999; Ward, 1990). TNCs and subcontractors frequently rely on gender and racial stereotypes (e.g., that women are better at manual and tedious tasks and that they work harder) to justify the recruitment of young women and women of color at much lower wages than men’s in these industries (Lim, 1990; Moghadam, 1999; Ward, 1990). Additionally, Ward (1990) notes that TNCs’ restructuring strategies rely on subcontracted production that increasingly employs foreign women in the informal sector:

By subcontracting industrial production to informal factories or home-based workers, employers can minimize competitive risks, wages, and the threat of unionization, while maximizing their flexibility in hiring, their overhead costs, and their production processes. (p. 2)

In these jobs, working conditions are unregulated and societal gender hierarchies are reproduced as men organize and manage the subcontracting networks.
A parallel trend has occurred in the growing service sector in industrialized countries, where women also hold the majority of jobs (Kolko, 1988/2000). Low-skilled, low-waged service sector jobs far outnumber professional and knowledge-intensive jobs (Kolko 1988/2000; Carnoy, 2000; Dicken, 1998; Reskin & Padavic, 1994). The growth of contingent jobs has been heaviest in clerical, food services, and retail-trade services, i.e., occupations that disproportionately employ women (Albelda, Drago, & Shulman, 1997; Reskin & Padavic, 1994). Relative to the skilled and semi-skilled manufacturing jobs of the past, most service sector jobs offer less security, fewer or no benefits, and wages that average 60-65% of the average wages in manufacturing (Kolko, 1988/2000; Reskin & Padavic, 1994). This makes these jobs less attractive to men, whose privileged social status affords them greater employment opportunities. Women, whose opportunities and mobility are more limited than men’s, must take these less desirable jobs, particularly in areas where unemployment is high. Many of these jobs are in industries that are sensitive to economic downturns and this increases the likelihood that women will be unemployed more often. As TNCs continue to move production to areas of lower costs, women in industrialized countries have reduced employment options and their bargaining position decreases further. This has been particularly true in rural (peripheral) regions of the U.S. as factories closed and their jobs went overseas. Since rural areas often lag in service sector job growth, the departure of manufacturing jobs has left fewer employment options for these displaced workers (Gibbs, Kusmin, & Cromartie, 2005; McGranahan & Ghelfi, 1998).

Critics of restructuring charge that women’s disproportionate representation in the less desirable, lower-waged jobs is linked to their subordinate status in society at large. Although researchers differ in their explanation of the causes of gendered inequalities in work, there is agreement on the following: there is a sex-segregated labor force (by occupation and within occupation by industry and firm) and this is linked to sex differences in earnings, advancement, and unemployment (Albelda et al., 1997; Blau & Jusenius, 1976; Reskin & Padavic, 1994). Many feminist critics argue that this inequality is rooted in patriarchal ideologies. These ideologies are used to gender work and they are socially embedded and reproduced in capitalist institutions that subordinate the work of women relative to that of men.

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16 How this has occurred in Alongways County in rural Appalachia is discussed in Chapter 5.
Patriarchy is an ideology that establishes a social hierarchy of men over women. This hierarchy is achieved through the creation of differences constructed around gender differences. Once these differences are constructed, patriarchy assigns men’s activities and roles as dominant. As Hartman (1976) notes, patriarchy has always supported, and been supported by gendered divisions of labor. Prior to capitalism, patriarchy established men’s position as dominant and assigned women a subordinate status in the family, society, and workplace. Hartmann (1976) argues that men were able to establish control early on in capitalist labor markets by extending traditional gender divisions of labor and hierarchical organization forms into the wage-labor system, i.e. “men and women had different places in the familial authority structure and capitalism proceeded in a way that built on that authority structure” (p. 150).

Reskin and Padavic (1994) extend this analysis to contemporary employment practices: Societies gender work by labeling activities as appropriate for one sex or another. These labels influence employers’ and workers’ expectations of who ought to perform various jobs. Yet what is crucial for preserving sex inequality is not the tasks performed by each sex but the fact that men and women do different tasks. While a sexual division of labor need not lead to inequality between the sexes, it fosters the tendency to devalue female activities and thus is a key factor in differential compensation for men and women (pp. 8-9).

During industrialization in Britain and the U.S., the domination of the public sphere by men, combined with patriarchal social values and the gender-biased policies of employers, unions, governments, and organized religion, further weakened women’s status as laborers. The relegation of all but the poorest women to work within the home meant that women’s work was invisible and, therefore, considered less valuable than that of men. Women’s dependency on men was heightened as a result and this was used to justify higher pay for men. This “weaken[ed] women’s position in the labor market . . . [and] the resulting mutual accommodation between patriarchy and capitalism has created a vicious circle for women” (Hartmann, 1976, p.139). Mies (1998) argues that women’s work is seen as an extension of their unpaid labor at home, contributing to what she calls the ‘housewifization’ of women’s work. Thus, the exploitation of women’s labor is inherent in the patriarchal ideologies that are

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17 For a discussion of theories on the origins of patriarchy, see Hartmann (1976).
interwoven into the capitalist economic system and that are used to justify gender inequalities in the workplace.

Because of the subordinate status of women’s work, women have been particularly vulnerable to global restructuring strategies. These strategies emphasize low-cost labor combined with workforce flexibility (i.e. rapid contraction and expansion of the workforce). As women’s work is devalued and viewed as supplementary to their home and childcare responsibilities, they are targeted by employers seeking contingent labor. It is likely, then, that because the restructuring of work builds upon the historical pattern of sex inequalities, women will suffer the most from the negative impacts of restructuring.

Given the specific ways that women are being marginalized under economic restructuring, it follows that policies to improve the social position of women must consider broader issues regarding the goals and unanticipated consequences of social and economic development. This is the subject of the next section, in which I review and critique a range of development theories.

THEORIES OF DEVELOPMENT

Since the early 1980s, economic globalization has been promoted through the spread of neoliberal policies that have greatly shaped the international economy and thus the restructuring of production and work. Neo-liberal policies promote free trade, unregulated markets, privatization of public services, international mobility of capital, a limited role for government, social spending cuts, tax policies to redistribute wealth upward and a reduction in the power of organized labor. To understand how neoliberal policies achieved current world dominance, one must first examine the way that the economically powerful industrialized nations have promulgated Western ideas of development, particularly to poorer countries.

Development policy has long been influenced by Western neoclassical economists’ equation of development with economic growth. Still, the international development community continues to debate what development is, what objectives to pursue, and how to achieve those objectives. Here, I discuss some of the most influential theoretical schools of
development thought from the 20th century. Each has influenced the other in some way and thus helped form the historical and conceptual basis for new theories and development agendas emerging in the 21st century. I begin with a history of mainstream development policy, from its 19th century roots in economic theory to its latest expression in global neoliberal economic policy, which remains the world’s dominant development paradigm. Many researchers and practitioners both within and outside the development community have been critical of this approach. Their views and theoretical contributions that have shaped the discussions of development alternatives are also presented here.

**Economic Theories of Development**

**19th Century – The Economic Development Idea**

In the early 19th century, the development idea was conceptualized as an evolutionary and desirable process that was natural and linear. Evolutionary theories—both biological and social—led to wide acceptance of the belief that all developing societies would follow the same upward path (Fagerlind & Saha, 1989). While there were critical debates about the consequences of development in capitalist societies, even Marx, who condemned capitalism and its exploitation of labor, believed in the inevitable progression of development. In *Capital*, Marx (1887/1999) wrote: “The country that is more developed industrially only shows, to the less developed, the image of its own future” (Preface to the first German edition, para. 6).

With the emergence of nation-states, national policy objectives in Europe, guided by the liberal ideology of the development-oriented state, included expansion of wealth and trade for the industrialized countries and increased production and consumption both at home and abroad. The evolutionary development idea was extended to include less developed regions because they were assumed to be in need of the development process. Colonizing countries developed their colonies to serve homeland national economic interests and rationalized it as their moral duty.

Western political leaders were concerned about both economic and social progress, but mainstream thought was that economic development inevitably would raise standards of living and bring social welfare as a by-product. Early classical economists, including Adam Smith (1776/1991), David Ricardo (1817/1821), John Stuart Mill (1848/2004), and Karl
Marx (1887/1999), were mainly interested in economic development in industrialized countries in Western Europe and the U.S. where manufacturing and the export trade were flourishing, although Mill, who had worked in India, differed somewhat from other early classical economists in his belief that social objectives should be explicit in development policy and that distributional equity should take priority over greater production. When social welfare goals (e.g., poverty alleviation, health, education, etc.) were explicitly included in colonial development policy to address living standards, they were considered separate from and subordinate to those promoting economic development. The idea that economic development was the key route to human progress remained the dominant development ideology throughout the 20th century. Explicit theories of modernization and economic growth emerged from this ideology and are implicit in neoliberal principles that direct international economic policy today. These theories and alternative theories of development will be considered here within the historical context of development policy in the 20th century.

**20th Century – The International Development Agenda**

During the pre-WWII years, mainstream economists wrote little about development of non-industrialized regions or countries. Except as part of colonial policy, an international agenda for economic development was rarely referred to as such until WWII. Early statistical studies from the 1920s-30s, conducted by the League of Nations (1937) and the International Labour Organization (ILO) (Benson, 1944), began a trend of comparisons between industrialized countries and developing countries in terms of living standard measures such as income, health, nutrition, and education.

During WWII, planning for post-war reconstruction and a new world economic order was conducted at the Bretton Woods conference held in 1944. This conference created two international organizations focused on development and reconstruction including the International Bank for Reconstruction and Development (IBRD, or World Bank) and the International Monetary Fund (IMF). Economic development planning was normalized as

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18 Among the initial functions of the IMF and the World Bank was the provision of foreign exchange of currencies to member nations with balance of payments deficits and development aid for capital investment, respectively.
policy through “the sustained emphasis on this objective in unofficial discussion of peace aims in Britain and the United States almost from the moment of outbreak of the war” (Arndt, 1987, p. 45). Britain, the dominant imperialist nation of the prior 100 years and its successor, the U.S., also acted out of economic self-interest. A common justification for developing the war-torn nations of Europe was that they would become markets for U.S.-produced goods. In addition, these efforts were an attempt to reconstruct European countries as capitalist democracies in opposition to the state-socialist model of the Soviet Union.¹⁹ In the early 1950s, the primary focus of development policy (and development institutions like the IMF and World Bank) shifted to the developing countries, with similar justifications and with the overall objective of economic modernization.

**Modernization as Economic Development**

As conceptualized in contemporary modernization theories, development is a multidimensional process, involving social change in a positive or upward direction and it includes economic and social objectives (Fagerlind & Saha, 1989). In the 1950s, Talcott Parsons (1966), an American sociologist, merged evolutionary theory with structural-functionalism and formed the basis of modernization theory. Evolutionary theory holds that development is a desirable process, that it is natural, linear, and changing and that all organisms (whether biological or social) will follow the same upward path. Structural-functionalists believe that society is a system made up of interrelated structures (e.g., social, political, cultural, economic) that are constantly seeking balance to maintain order as the system increases the functional differentiation of its components.

Modernization theory was popularized in the 1960s-70s by American social scientists David McClelland (1961) and Alex Inkeles and David Smith (1974). They applied modernization theory to comparisons of populations and societal structures in industrialized countries and developing countries, although these comparisons were also made between urban and rural regions within countries. Modernizing societies were defined as those

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¹⁹ It is no coincidence that the dominant allies in WWII – the U.S. and Britain – with their shared histories and economic interests, took the lead in constructing the Bretton Woods agenda and were partnered again in expanding neoliberal economic policy to the world some forty years later under the Reagan and Thatcher administrations of the 1980s.
becoming like the industrialized societies of North America and Western Europe in terms of institutions, values, behaviors, and economic development. Inkeles and Smith (1974) theorized that a society progressed from traditional to modern by imparting modern values to its population through its modern institutions (e.g., government, workplaces, and, especially, educational institutions) and that this led to economic development. Conversely, societies that did not resemble the “developed” or “modern” ones of the industrialized Western countries were considered “undeveloped” or “traditional.” These “backward” societies needed to catch-up by altering their economic systems to encourage industrialization and rapid economic growth.²⁰

Still, there were multiple conceptions of development objectives among early development economists and international aid organizations. The general consensus was that raised living standards should be the objective of development, but there was little agreement on how this could be achieved. Most development professionals agreed that development strategies should involve both economic and non-economic approaches, but they differed on how these should be prioritized. Some favored an economic strategy focused on increased economic growth via industrialization, while others promoted social welfare strategies concentrated on distributional equity, poverty alleviation, education expansion, and employment issues.

In the two decades following WWII, those who emphasized economic growth as the route to modernization emerged as the more influential group. Several Western economists, including Kuznets (1955), Lewis (1955), Nurske (1953), Rosenstein-Rodan (1943), Rostow (1960), Singer (1950, 1964), and Solow (1956, 1970), contributed economic theories that conceptualized economic growth as development. Working from a neoclassical economic framework, they developed systematic models for measuring economic growth and “this seemed to give them a head start over other social scientists as experts on economic development” (Arndt, 1987, p. 52). As economists’ dominance in the development profession grew, their tendency was to concentrate on the economic aspects of development.

²⁰The use of terms such as “undeveloped”, “traditional”, or “backward” to describe less industrialized economies is prevalent throughout the early development literature. These terms are still used today, though less frequently. A notable example is found in Meier (2001a).
using the tools of their discipline. This tendency has been widely criticized for “economists’ neglect of the social and political dimensions of...public policy...because they deem such matters to be outside the scope of economics and therefore irrelevant because they cannot be measured or modeled” (Gilpin, 2001, p. 72).

Thus, the development process was defined as one of economic modernization; this was the route to be pursued in the transition from a traditional society to a modern one. With this goal in mind, development professionals turned their attention to internal factors within developing societies that promoted or obstructed development.

**Modernization through economic growth.** A popular economic growth theory was explicated by American economist W.W. Rostow in his classic work entitled *The Stages of Economic Growth*. Rostow (1960) proposed a number of conditions, or economic stages, that are necessary for a society to advance through several development stages, including an increased capital investment rate, the expansion of modern industrial sectors that fuel economic growth, the establishment of modern economic, political, and social institutions, and a shift to mass consumption of consumer durables and services. Rostow thus acknowledged the need for economic growth to take place in conjunction with other forms of social development, but he and others were convinced that economic growth was the primary means to societal development.

Advocates of the economic growth strategy believed that development should be pursued via sustained increases in production and consumption of goods and services. Progress was generally measured as growth in per capita income or gross national product (GNP). Neglecting social objectives, they argued that developing countries’ economic independence and increased standards of living would come only through “rapid economic development” (Lewis, 1944, p. 154). Some prominent development economists expressed concern about the rather narrow construction of development as economic growth and expressed their opinions on its usefulness (Seers, 1969/1973; Singer, 1965; ul Haq, 1971). However, they too believed that economic growth was an influential factor in economic modernization. With little evidence to support or refute these new theories, development economists relied on economic growth strategies for engineering and measuring the development of societies throughout the 1950s-60s (Arndt, 1987; Martinussen, 1997; Meier, 2001a).
During the first decade after WWII, the path to economic growth was pursued via capital accumulation strategies and government policies aimed at increasing growth via mass production and consumption. The post-WWII manufacturing boom brought record production to the U.S, thus boosting mainstream development economists’ promotion of economic growth through industrialization as a development panacea. Since development policies focused on industrialization goals, capital deficiencies were blamed initially as the cause of developing countries’ underdevelopment. The Harrod-Domar model, which premised that the right amount of capital investment would increase production and growth, was widely used for much development planning (Meier, 2001b). Industrialized countries provided development aid to increase capital accumulation. However, capital investments in adequate physical infrastructure proved to be quite expensive and had uncertain and uneven outcomes. Critics have noted since that early capital accumulation models designed to predict growth in industrial economies were misapplied to developing countries (Meier, 2001a; Martinussen, 1997).

Economists who believed that economic growth in some developing countries stemmed from uses of technology and new knowledge shifted the development strategy from infrastructure investments to the technology transfers via Western technical experts. However, technology transfers proved to be difficult to successfully implement in the short-term, and the practical and cultural relevance of these initiatives was criticized:

It is not enough to send highly skilled people to developing countries as experts and hope for quick results, if these experts are bringing techniques which have only proved to be economically effective in economically advanced countries. Technical assistance is a long-term task. (Maddison, 1965, p. 25)

Development economists still were not able to determine the major causal factors of increased growth or, in some cases, to explain failures to achieve growth. Despite these problems, Western economists continued to believe that capital accumulation was a key factor in creating economic growth. In the early 1960s, economist T.W. Schultz (1963) presented human capital theory as another explanation for unexplained growth. Early proponents of human capital theory (Becker, 1964/1993; Mincer, 1981; Schultz, 1963, 1971) believed that unexplained economic growth increases in industrialized countries were due to increased investments in education. The human capital theorists held that education is both a form of consumption and
investment and, like other forms of capital investment, education yields returns to both individuals and to society. At the societal level, they argued, increased investments in education would make humans more productive, increase output, and therefore contribute to economic growth.

At the individual level, human capital theorists believed investments in education would increase the productivity of the worker, which would result in higher earnings. The theory assumes that individuals are rational decision-makers and are able to determine the optimal amount of investment in education based on assessment of its costs against future benefits. Because excessive years of schooling (e.g., graduate school) will likely have diminishing economic returns, human capital theorists believed that increased investments in education would “bring up the bottom” and reduce societal education differences (Mincer, 1981). As the average level of schooling and incomes increase, the variance in education levels would decrease, and income, in theory, would become more equally distributed. With the emergence of human capital theory, development policy in the 1960s shifted from an emphasis on technical assistance to investments in education and institution building in developing countries (Maddison, 1965; Singer, 1964). Education expansion programs were funded with the goal of closing the skills gap between rich and poor countries with the intentions of enabling the latter to better use new technologies and achieve the growth rates of the industrialized countries.  

Modernization through free-trade. The post-war emphasis on economic growth as development was stimulated by a series of trade negotiations among industrialized nations that began in 1947. Along with the formation of the IMF and the World Bank, the General Agreement on Tariffs and Trade (GATT) was the third international institution established to lay the foundation for a new post-War world economy. At the end of WWII, ninety percent of the worlds’ manufacturing production was in a core group of industrialized economies (the U.S. and Western Europe) and the majority of that was in the U.S. (Dicken, 1998). As the dominant economic and political power in the post-war years, the U.S. used its advantage to push for trade liberalization and had much to gain from free trade and new markets. Early GATT rounds eliminated trade barriers and tariffs on manufactured goods and hastened the internationalization

21 Human capital theory is further considered and critiqued later in this chapter.
of free trade and economic integration between industrialized countries, but these did not include developing countries (Arndt, 1987). Significantly, it was in this new international economic order and with record economic growth in industrialized countries, that international free trade gained prominence as an economic growth strategy. This, in turn, kindled the notion that what worked for industrialized countries would also work for developing countries.

As a development strategy, free trade was promoted to developing countries as a way to create economic growth for their newly independent economies. The rationale included the following: free trade opened foreign markets for infant industries and substituted for low domestic demand; it shifted production to areas of comparative advantage; it facilitated knowledge and technology transfers from industrialized countries; it increased competition and eliminated poor performers; and it encouraged efficiencies in production that were essential to compete. By the 1970s, free-trade advocates were pointing to high growth rates in several Asian countries (e.g., South Korea, Taiwan, Hong Kong, and Singapore) that had pursued development through export-oriented manufacturing and trade liberalization. Even though these Asian “newly industrialized countries” (NICs) had not followed free-trade policies and had relied heavily on active government planning and subsidies, the Asian NICs’ successes led Western development experts to push for other developing countries to rapidly industrialize via export manufacturing and to open their markets to free trade (Myint, 2001).

Today, free-trade proponents continue to promote a strategy of modernization and economic development under the rationale that free trade will foster economic growth, which, in their view, is development. They believe that global free trade promotes efficiencies via specialization of production in areas of comparative advantage. In 1990, global trade was reorganized, with the World Trade Organization (WTO) replacing GATT in an effort to further the elimination of both tariff and non-tariff trade barriers. The elimination of trade barriers has occurred at the regional level as well. By early 2006, the European Union had united 25 European countries in a single market with full integration.

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In early 2006, EU member states were Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, The Netherlands, and the United Kingdom.
of economic policy, common currency, and free movement of labor (The European Union, n.d.). In North America, the North American Free Trade Agreement (NAFTA) joined together the U.S., Canada, and Mexico in a pact that allows free trade of goods but no labor mobility. In Asia and Latin America, regional trading blocks (e.g., AFTA and MERCOSUR) were formed to ease cross-border trade and production and to leverage trading power within the world economy (Arndt, 1987; Martinussen, 1997).

Under the free-trade strategy, economic growth secured a dominant position in the development policy agenda, the era of post-Fordist production began, and the international restructuring of production and labor occurred. Along the way, neoliberal economic policy-makers gained strategic position to fundamentally alter the global economy well into the 21st century.

**A Contemporary Neo-liberal Strategy: Global Free-Market Capitalism**

In the 1970s, global economic transformations contributed to widespread economic upheaval and the beginning of a major change in world economic policy, including the OPEC oil embargo, the shift to a floating exchange rate system, and technological advances in the telecommunications, transportation, and financial sectors (Dicken, 1998; Gilpin, 1987/2000; Harrison & Bluestone, 1988). The oil embargo dramatically increased oil prices and hurt U.S. corporate profits, which were already falling from increased competition in world markets. As noted earlier, the move to post-Fordist production began with changes in corporate strategy in response to expanding world trade and increased competition. Foreign direct investment (FDI) in new markets expanded due to the adoption of a market-based currency system with floating exchange rates. FDI also was aided by the increased speed of telecommunications and electronic financial transactions.

In the late 1970s, as U.S. corporate power declined due to increased competition, the U.S. government strengthened economic policies that favored business interests, particularly those in international markets, over labor and domestic interests (Harrison & Bluestone, 1988; Krugman, 2002). By the mid-1980s, the Reagan administration had initiated a series of neoliberal

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Kingdom. Bulgaria and Romania were expected to join in 2007. Other EU candidate states were Croatia, the Former Yugoslav Republic of Macedonia, and Turkey (Europa, 2006).
economic policies that altered the somewhat balanced regulatory approach to markets that had been followed in various forms since WWII (Meeropol, 1998). As noted earlier, neoliberal policies promote free trade and unregulated markets in which capital is internationally mobile. Premised on the doctrine of laissez-faire economics, the rationale for neoliberal policy is that government should minimize its role in economic activity and allow free markets to guide resource allocation and production (MacEwan, 1999). Neo-liberals believe that this maximizes individuals’ freedom of choice and results in economic efficiency, which increases investment, innovation, productivity, and economic growth.

Among the neoliberal policies implemented in the U.S. by the Reagan administration were the following: tax rates for corporations and individuals in the top income brackets were cut so as to create investment incentives; the monetary supply was restricted to control inflation; the transportation, financial, and telecommunications industries were deregulated to lower business costs and increase competition; social legislation protecting consumers, labor, and the environment was repealed to promote a “business-friendly” environment; public social programs were cut or privatized to reduce government spending; some government-run services were sold or subcontracted to private firms to further cut government costs; and more power was shifted from labor to business via legislation that reduced union power to collectively bargain or prevent business relocations (George, 1999; Harrison & Bluestone, 1988; Ilchman & Bhargava, 1966; Peet with Harwick, 1999).

This neoliberal domestic agenda included the worldwide expansion of these policies to developing countries in response to the debt crisis that arose in the 1980s and that threatened to destabilize the world economy and financial system (Korner, Maass, Siebold, & Tetzlaff, 1984/1986; Payer, 1987; Stiglitz, 2002). By then, many developing country governments had heavy debt loads because they had borrowed from foreign commercial banks, governments of richer, industrialized countries and the IMF. Massive borrowing had been encouraged under Western development policies that promoted industrialization and the building of infrastructure. Most developing nation’s governments were unable to pay even the interest portions of their

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23 Similar policies were already being implemented by the Thatcher administration in the United Kingdom, beginning in the 1970s.
loans without severe spending cuts. In addition, economic growth had been uneven or nonexistent in most Latin American and African countries with none having the growth predicted by development professionals or the success of the Asian NICs.

Given these loan defaults and large balance of payments deficits, the IMF and World Bank restructured debt in many developing countries by underwriting or guaranteeing new and existing loans in an effort to prevent global economic instability and protect the financial interests of lending governments. However, they required that debtor governments institute structural adjustment programs (SAPs) as a condition for refinancing these loans. Following the prescriptions of the neoliberal development agenda and a universal macroeconomic approach, SAPs were recommended to developing countries as necessary to correct the “failures” of government-led development by allowing free markets to “get prices right,” efficiently allocate resources, spur economic growth, and produce cash flow to repay their debts (Meier, 2001b). These SAPs required that governments engage in rapid economic reforms including: cutting social services (e.g., education, healthcare, food subsidies, and environmental protections) to reduce government spending; devaluing national currencies to promote export trade; privatizing government-owned industries, increasing interests rates, and opening capital markets to increase FDI; and eliminating trade barriers and opening markets to imported consumer goods (Gilpin, 2001; Global Exchange, 2002; Sparr, 1994).

Critics of neoliberalism have charged that these policies have benefited the economically and politically powerful industrialized countries while increasing world economic and political instability, income inequality, poverty, and human suffering (Cleaver, 1989; Mittal, 2001; Structural Adjustment Participatory Review International Network, 2004; Watkins, 1986). In developing countries, these policies, implemented through SAPs, have led to a rise in unemployment, due in large part to loss of government jobs. Because of cuts in social programs, there are few, if any, safety nets for the poor (Structural Adjustment Participatory Review International Network, 2004). Education and health care have been hit particularly hard as governments have begun charging fees to offset costs. Hunger has increased with cuts to food subsidies and the shift to export-oriented agriculture. Currency devaluation has raised the price of essential imported goods.
Increased interest rates have restricted capital available for domestic businesses and increased debt for individuals such as farmers (Global Exchange, 2002).

Women (and their children) have suffered in particular because of their subordinate gender and economic statuses, limited legal rights, lack of mobility, and sex discrimination (Sparr, 1994). As Moghadam (1999) observes, “women of the working class and urban poor have become the ‘shock absorbers’ of neoliberal economic policies” (p. 377). They have higher unemployment rates and are susceptible to more exploitive work conditions as they seek jobs in the informal sector or in home-based work. To ensure household survival they are forced to increase the time they spend procuring basic necessities and providing care to family members (due to cuts in social services). New school-user fees mean that girls’ education is significantly reduced or impossible for the poor (Moghadam, 1999; Sparr, 1994). Even some prominent economists who have been associated with the World Bank have come to suggest that alternatives be found because the injuries wrought from blunt application of neoliberal policies outweigh the potential benefits (Sen, 1999; Stiglitz, 1998, 2002).

Parallel neoliberal policies implemented in the developed world (and, in particular, the U.S.) have had similar detrimental impacts: regressive tax policies have redistributed income to the rich and increased income inequality; restrictive monetary policies have raised unemployment and extracted permanent wage concessions from labor; industrial and social deregulation have increased competitive cost cutting and accelerated the international division of labor and the restructuring of work; permanent cuts in social spending for unemployment, education and training, welfare, public housing and health care have increased poverty and crime rates; privatization has reduced civil sector employment and enriched private corporations that are less accountable to the public; and labor-hostile legislation has increased “at will” employment and “flexible” labor forces while allowing deindustrialization and capital flight (Harrison & Bluestone, 1988).

Despite these problems with neoliberal policies, neoliberalism remains the dominant principle guiding the mainstream development establishment and is the contemporary manifestation of modernization-as-economic-growth theory. In fact some observers maintain that the problems remaining in the world are due not to too much neoliberalism but to too little.
Friedman (2000) argues that any country that wishes to enjoy the benefits of globalization must modernize in the American fashion by adopting free-market capitalism as an economic system, even if it limits the political and economic decision-making of the sovereign nation-state. In a similar vein, Wolf (1997/2000) argues that the introduction of free markets limits the power of non-democratic states, elevates individual freedoms, and is a precursor to more democratic systems of governance. This glorification of neoliberalism has been rebutted by many critics, including Barber (2001), who points out that globalization has been anything but democratic, and Bender (2002), who likens the cutthroat economics of neoliberalism to 19th century ideologies that were used to justify colonialism.

While the criticisms of neoliberalism have not shifted the overall principles guiding development policy, they have led the development profession to selectively engage other concepts of development. Early criticisms came from economists working in developing countries in the 1940s–70s. These critics questioned the narrow conception of economic growth as development. Their work provided broadened theoretical analyses of development issues and policies based on their experiences in Latin America, Africa, and Asia and pushed for social and human welfare aspects to be included in the development agenda. Later critics developed more complex structuralist and post-development theories that have been influential in challenging the economic modernization paradigm since the mid-20th century.

**Broadening the Development Agenda: Social and Human Welfare**

As early as the 19th century, John Stuart Mill (1848/2004) questioned the idea that economic growth should be the sole objective of development policy. Later development theorists also criticized mainstream economists’ one-dimensional economic approach while arguing that the development objective should be increased human welfare which incorporates multiple social dimensions as measures of development (Singer, 1965; Seers, 1969/1973; ul Haq, 1971). While many advocates favored economic growth as one goal (or measure) of development, they argued that social development objectives should be integrated into development policies and that development strategies should directly address social inequalities and quality of life issues (Jolly, Emmerij, Ghai, & Lapeyre, 2004). In the early 1960’s, Hans Singer, a former United Nations economist, promoted this goal:
The problem of the underdeveloped countries is not just growth, but development. Development is growth plus change; change, in turn, is social and cultural as well as economic, and qualitative as well as quantitative. The key concept must be the improved quality of people’s life. (Singer, 1965, p. 5)

Advocates of social development goals pushed for the inclusion of complementary social, cultural, and political objectives and recommended that measures of human welfare (i.e., health, education, housing, employment, and income distribution) be used to assess development progress. They were critical of the narrow conceptions of development as economic growth on both ideological and methodological grounds (United Nations, 1957, 1962; International Labor Office, 1977). Critics charged that neoclassical economists’ use of economic growth reflected both a Western and disciplinary bias (Singer, 1979). Furthermore, they cited evidence from developing countries where income growth per capita had occurred in tandem with increased unemployment, inequality, and poverty, which they considered antithetical to development (McNamara, 1973; Seers, 1969/1973; ul Haq, 1971). In 1969, Dudley Seers, then president of the Society for International Development (SID), spoke of how the focus on a single dimension of development was misleading at best and contradictory at worst:

It was slipshod of us to confuse development with economic development and economic development with economic growth …[which] may not merely fail to solve social and political difficulties; certain types of growth can actually cause them. … If one or two of these central problems [poverty, unemployment, inequality] has been growing worse, especially if all three have, it would be strange to call the result “development” even if per capita income has doubled. (Seers, 1969/1973, pp. 2-3)

Economic growth was commonly assessed using national income measures, such as Gross National Product (GNP) or income per capita, which counted total production of goods and services captured in market transactions. The World Bank, the dominant international development institution, relied heavily on national income measures to evaluate development throughout the 1950s-60s, in spite of amplified criticisms about the ideological bias and conceptual measurement problems (i.e., reliability and validity) of these measures. Social development advocates cited many problems with inaccurate or incomplete data collection and developing countries bias in data inclusion (Seers,
In some cases, income growth of developing countries was underestimated and in others the converse was true. More specifically, national income measures did not capture non-market production or unpaid work, a significant proportion of developing countries’ economic activity. GNP figures also were criticized for their failure to reflect uneven distributions of income and their inclusion of market consumption for activities detrimental to development (e.g., environmental degradation, war and natural disasters) (Cobb, Halstead, & Rowe, 1995; Fagerlin & Saha, 1989; Martinussen, 1997).

In 1971, a World Bank economist, Mahbub ul Haq, publicly criticized GNP as a measurement of development:

Where did the development process go astray? We conceived our task not as the eradication of poverty but as the pursuit of certain levels of average income. . . . We were taught to take care of our GNP as this will take care of poverty. Let us reverse this and take care of poverty as this will take care of GNP. In other words, let us worry about the content of GNP even more than its rate of increase. (ul Haq, 1971, pp. 5, 7)

Only two years later, World Bank president, Robert McNamara\(^\text{24}\), in an address to the World Bank Board of Governors, declared that the benefits of economic growth in the developing nations were not equitably distributed and that national policy in developing countries should address these issues. Further, he stated that development objectives and achievement measures needed to be redefined:

While most countries have broadened the statements of their development goals to include references to reducing unemployment and increasing the income of the poor—as well as emphasizing traditional growth in output—they still measure progress toward these complex objectives with a single measuring rod: the growth of GNP. . . . we can no more measure the achievement of multiple development objectives by the GNP alone than we can describe the quality of life in a city exclusively by its size. The Gross National Product is an index of the total value of

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\(^{24}\) Robert McNamara served as president of the World Bank from 1968-81.
goods and services produced by an economy; it was never intended to be a measure of their distribution. (McNamara, 1973, p. 11)

While the attentions of the World Bank and others in the development establishment helped integrate social and human welfare issues into development policy, the mainstream development community never quite abandoned economic growth as a key goal of development.

In summary, social development advocates saw income measures as inaccurate measures of economic growth and economic growth as an inadequate indicator of development. Though social development objectives cut across many theoretical schools of thought, early proponents were still working primarily from a modernization perspective and social and human welfare issues merely supplemented growth strategies. However, social development advocates broadened the concept of development to include strategies addressing unemployment, income inequality, poverty alleviation/basic needs, gender inequality, and education. Some of these strategies are discussed here.²⁵

Unemployment

In the 1970s, the ILO was instrumental in pushing for employment objectives to become a priority in development planning. ILO reports offered several employment strategies (International Labor Office, 1970, 1972, 1977) including the following: the promotion of labor-sector transfers and labor-intensive technologies to absorb modern labor force growth; job creation via downward redistribution of income to increase demand for domestically produced goods; increased attention to informal labor-sector issues; and the reduction of inequalities in income, education, and land ownership to increase opportunities for the poor.

The ILO studies indicated that economic growth of the prior two decades had not produced employment that was sufficient to alleviate poverty, especially among the working poor. These findings were contradictory to outcomes that had been predicted by Walter Lewis (1954), who had recommended labor transfers from traditional, low-productivity sectors (e.g., agriculture) to modern, high-productivity sectors (e.g., export-oriented

²⁵ The role of education and its relationship to development is discussed later in this chapter.
industry) in developing countries. Lewis’ labor-transfer strategy was premised on generating capital expansion from excess profits created by using subsistence wage laborers in industry jobs. Growth advocates believed that reinvested capital would create more jobs, increase consumption and demand, and generate sustained growth.

Without a firm consensus, employment objectives were eventually targeted toward increasing productivity and creating modern-sector jobs to support growth goals. Although some income growth did occur with labor sector transfers, the restructuring of developing countries’ economies had occurred too fast for the industrial sector to keep pace with the growth in unemployment of displaced traditional laborers and with population growth in developing countries (Laursen as summarized in Martinussen, 1997). An ILO study (International Labor Office, 1970) was particularly critical of transnational corporations’ investments in labor-saving, capital-intensive technologies in developing countries, which they believed were exacerbating these problems. This combination of factors fueled calls for developing countries to pursue export-oriented production in primary products.

By the end of the 1970s, employment policies had ceased to be a major concern of the development establishment. But the abandonment of employment policies did not come without consequences. Two decades later, a United Nations Development Programme (UNDP) study indicated that during the 1960s-80s, employment growth had consistently lagged behind economic growth in both industrialized and developing countries (United Nations Development Programme, 1993). In addition, informal sector job growth, which had been largely ignored by development planners, had far surpassed formal sector job growth in developing countries. The report warned of a continuing global “jobless growth” trend and a bleak future for the world’s poorest populations in both developing and industrialized countries unless major policy changes were made, especially in the developing countries. These policy recommendations included the following: land reform to increase agricultural employment; increased investments in health, education, and workforce skills training; promotion of small businesses with entrepreneurial training and

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26 See note 13 for a description of formal and informal job sectors. The impact of the informal sector on employment levels has been debated in the development field since the 1990s and new strategies concerning its role in job creation are still emerging (Streeten, 1994).
expanded access to credit; promotion of transition from informal to formal sector employment; and the promotion of skill-intensive service sector jobs and public works programs. Not withstanding the UNDP’s warnings, neoliberal economic and social policies have exacerbated employment problems and extended the jobless growth trend into the 21st century.

**Income Inequality**

During the 1950s-60s, economic growth proponents theorized that some inequality of income distribution was desirable. Growth proponents rationalized increased income inequality by hypothesizing that the rich were in the best position to invest increased incomes and thus would provide capital accumulation needed for economic development; the poor, they argued, were not able to invest because they spent all their income on basic necessities. They believed that sustained growth would increase incomes of the poor in the long-run and thus reduce income inequalities (Kuznets, 1955; Lewis, 1954, 1955; Nurske, 1953; Rostow, 1960). This idea, commonly referred to by its critics as the “trickle-down theory” of economic growth, remains a neoliberal argument used to oppose downward income redistribution some 50 years later (Reich, 2003).

In a series of speeches in the 1970s, World Bank President Robert McNamara publicly acknowledged that the benefits of economic growth were unequally distributed both in the U.S. and abroad. He criticized the system at large by acknowledging that poverty in developing countries was due in part to the unequal distribution of economic and political power within the system. Because gross inequalities existed between countries, regions, and socio-economic groups, McNamara (1981) called for policy changes regarding employment and income distribution. At the same time, parallel concerns had developed in the U.S. after a decade of War on Poverty programs of the Kennedy and Johnson administrations in the 1960s had failed to produce intended results and with the downturn of the U.S. economy in the early 1970s (Harrison & Bluestone, 1988). An examination of statistical evidence by the International Labor Office (1977) concluded that the GNP growth of the 1950s-60s had not ameliorated poverty and inequality as predicted and that its benefits had not trickled down to the poor as early development experts had proposed. As the gap between the rich and poor grew, social goal advocates gained some momentum and
they recommended changes in development strategies to address inequality and poverty in the developing countries.

Social and human welfare advocates, in addition to McNamara, proposed downward redistribution of income as a strategy for developing countries. This strategy was proposed as a way to increase broad demand for domestically produced goods rather than imported goods favored by the rich. Increased domestic demand, they maintained, would stimulate economic growth. However, development policy makers were afraid that income redistribution could not be accomplished without great political unrest (Seers, 1973). The rich held control of the economic and political structures in developing countries through which any redistribution would be implemented. Instead, the World Bank and other policy makers turned attention away from issues of relative poverty and settled on an “absolute poverty” reduction strategy with the goal of raising incomes for all via increased GNP growth (McNamara, 1981; Singer, 1979). This plan avoided redistribution of current wealth and offered “redistribution with growth”, a vague plan to create more opportunities and a minimum income for the poor (Chenery, 1974). As a compromise, this strategy avoided directly addressing income inequality and opted for a “situation where all sections [would] benefit from growth, even though the rich [would] benefit more than the poor” (Arndt, 1987, p. 100).

**Poverty Alleviation, Basic Needs, and Human Development**

Throughout the first two decades of development planning, neoclassical economists’ hegemony in the development profession had led to the omission of quality of life issues because of their “non-market” nature (United Nations Research Institute for Social Development, 1980). In practice, early Western development professionals had relatively little contact with the poor who were perceived as passive recipients of poverty alleviation programs (Martinussen, 1997). An inadequate practical knowledge of the varied living standards across developing countries had restricted the view of the development establishment and hindered efforts to accomplish much without a broader concept of development.

The “redistribution with growth” idea had aimed at raising incomes of the poor, but shortly thereafter the ILO International Labor Office (1977) focused on a “basic needs” approach as a way of raising the minimum living standards and incomes of the poor. An assumption of the basic needs approach was that the poor were trapped in a cycle of poverty and that meeting their
most basic needs would help them break out of the cycle and thereby increase their incomes and purchasing power. Some proponents argued that this would stimulate demand and create economic growth over the long run; in essence, the benefits would “trickle-up” (i.e., the converse of the “trickle-down” theory of economic growth). Other basic needs advocates targeted social inequalities and rural poverty with a moral sense of duty and the intent to insert more qualitative aspects of human development into the mainstream development agenda. With such variation in the goals of the basic needs approach, advocates could not easily agree on how economic growth and basic needs strategies could co-exist (Streeten with Burki, 1981; Fagerlind & Saha, 1989).

The basic needs concept eventually encompassed human physical, social, and political development and addressed modernization in more non-economic terms (Streeten with Burki, 1981). The primary goals included achieving more equitable resource distribution and bringing social justice issues into development policy. The ILO International Labor Office (1977) proposed that developing countries establish minimum consumption standards for basic sustenance (e.g., food, shelter, water, and energy), access to services (e.g., sanitation, transport, health, education, and security), and adequate employment opportunities as a core set of needs (Streeten with Burki, 1981). Others pushed for the inclusion of environmental standards, democratic political freedoms, and basic human rights.

By the early 1980s, financial, methodological, and political problems had exhausted support for the basic needs strategy (Arndt, 1987; Fagerlind & Saha, 1989; Martinussen, 1997). The World Bank and IMF had begun tying structural adjustment programs to development aid which was severely cutting funding for existing and new social programs. Methodologically, there were conflicts and complexities in establishing quantitative and qualitative criteria for social development and aid donors required specific measurement criteria for new program evaluation. Additionally, data gathering for follow-up assessments proved to be difficult and costly. In addition, implementation of new social programs required public resource reallocation by developing countries which generated political resistance among the ruling elite and supporters of industrialization. The basic needs strategy languished in the wake of developing countries’ debt crises and an international economic recession.

Although these strategies never achieved sustained support in the 1970s, basic needs ideas formed the basis of the human development programs of the UNDP in the 1990s under the
guidance of Mahbub ul Haq (United Nations Development Programme, 1990). The UNDP drew from the basic needs approach in the 1990s in designing the human development index (HDI) as a measure of development that would be broader than national income measures. The HDI is a composite index “that captures the three essential components of human life—longevity, knowledge, and basic income for a decent standard of living” (United Nations Development Programme, 1990, p. 14) as indicators of human capabilities and overall well-being. Still, echoing the methodological difficulties faced by basic needs proponents twenty years earlier, the UNDP has recognized that the HDI is an average that does not depict wide disparities across populations, nor does it capture other desirable quality of life indicators such as “political freedom, personal security, interpersonal relations, and the physical environment” (United Nations Development Programme, 1990, p. 13).27

**Gender Equality**

Feminist28 arguments surrounding development consider the gendered implications of development from various viewpoints, but all are concerned with how development policy impacts women specifically compared to men. During the 1950s-60s, minimal attention was paid to women in the formation of development policy, except in their roles as wives and mothers. The few women-oriented programs of this era followed social welfare models from the colonial era and targeted poor women in developing countries with food aid, nutritional education, and family planning. This “welfare” approach was consistent with mainstream economic modernization strategies for development, which placed social needs as a low priority and relied on charity organizations and relief agencies to provide for the poorest groups in society (Moser, 1993). The emphasis on the reproductive roles of the poorest women was popular with the mainstream development profession because it was politically non-threatening. However, early feminist critics charged that the welfare approach was simply creating dependency and was not addressing the causes of women’s inequality or the need to integrate women’s issues into development policy (Moser, 1993; Razavi & Miller, 1995; Tinker, 1990).

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27 See UNDP (2004) for an in-depth explanation of how HDI is calculated.
28 I use “feminist” as a general term here to refer to those who support women’s equality.
By the mid-1970s, feminist social development advocates had voiced concerns not only about the inadequacies of the welfare approach, but also about the negative impacts that modernization projects and macro-economic development policies were having on poor women and women-headed households in developing countries (Boserup, 1970; Tinker, 1976). Studies by women researchers in the development field had shown that women were being displaced from traditional sources of income and that growth models of development had contributed to their loss of status as well as an increase in inequality between women and men (Moser, 1993; Tinker, 1990). This moved many diverse feminist groups to advocate for more women-oriented or gender-aware approaches to development. A brief discussion of gender-neutral assumptions used in mainstream development models is required before moving to these approaches since criticisms of these approaches often target these underlying assumptions and their impacts.

Mainstream development models are based on a neoclassical economic framework in which the household is analyzed as a decision unit at the microeconomic level. Feminist critics argue that this unit of analysis ignores female-male relationships within households, gender differences in power, gender roles, and women’s multiple roles. They believe that all of these factors affect women’s status and decision-making and must be considered in making gender-aware development policy (Beneria & Bisnath, 1996; Moser, 1993; Razavi & Miller, 1995; Sparr, 1994; Tinker, 1990). Neoclassical economics assumes that household resource allocation decisions are made in unison to maximize the benefits to the household; in reality, these decisions are often negotiated through conflict and cooperation and this process favors those who have the best bargaining position (Sen, 1990). Unfortunately, women’s bargaining ability is limited in many societies because they do not have equal legal or economic status, or equal access to household resources. Household gender divisions of labor are explained as the outcome of efficient decisions, but this ignores socially and culturally enforced gender roles that determine appropriate work for

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29 Although the terms “women” and “gender” are used throughout this development literature, there is a distinction to be made. The term “women” is used to distinguish biological females from males. The term “gender” refers to a socially and culturally constructed role that determines social position in society (this position is also influenced by other factors such as class, race and ethnicity). Most feminists believe that women’s inequality is linked to their subordinate gender roles (Reddock, 2000).

30 These assumptions are still implicit in SAPs that have been heavily criticized for their detrimental impacts on women as noted earlier in this chapter.
women and women. Women spend a greater proportion of their time doing unpaid “invisible” work that is related to their reproductive and community roles, but this work is not recognized because it is non-market activity (Razavi & Miller, 1995). Moser (1993) defines women’s multiple roles as reproductive, productive, and community-managing. The work done in these roles involves, respectively, childbearing/rearing activities and home maintenance, income-earning activities, and unpaid activities that benefit and sustain the local community. Their involvement in this range of activities contributes to their lower status and subordination because women’s work is not valued as highly as men’s work. In addition, women’s ability to engage in productive work may be limited by time spent in their reproductive work and community work, by law or tradition, or by sex discrimination.

The policy approaches that have been used to bring women and gender into development were influenced by criticisms of the welfare approach and mainstream development models. Several initiatives were pursued almost simultaneously in the 1970s by diverse groups with differing goals, including the UN Commission on the Status of Women, organizations within the U.S. women’s rights movement and networks of women development professionals (Buvinic, 1983; Moser, 1993; Razavi & Miller, 1995; Tinker, 1990). These approaches reflect the underlying development debates of that decade between the modernization advocates and the social development advocates. In addition to the welfare approach, the four additional policy approaches that have been systematically identified, categorized are equity, anti-poverty, efficiency and empowerment (Buvinic, 1983; Moser, 1993). The equity, anti-poverty, and efficiency approaches are associated with the Women in Development (WID) programs of the United States Agency for International Development (USAID) and the mainstream development profession. The empowerment approach is associated with the Gender and Development (GAD) movement promoted by feminists groups who are critical of WID programs and are aligned with alternative development movements. Other groups associated with WID and GAD are, respectively, the Harvard Institute of International Development (HIID) and Development

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31 The equity and anti-poverty approaches were identified by Buvinic while Moser added the efficiency and empowerment approaches in her effort to distinguish between the many approaches being used in practice.
Alternatives with Women for a New Era (DAWN) (Moser, 1993; Peet with Hartwick, 1999; Razavi & Miller, 1995).

The equity, anti-poverty, efficiency, and empowerment approaches are distinguished by differences in the following areas: conceptualization of the problem, recognition of women’s multiple roles, attention to strategic gender needs and/or practical gender needs, implementation by top-down or bottom-up methods, and adherence to efficiency-oriented or equity-oriented ideologies (Connelly, Li, MacDonald, & Parpart, 2000; Moser, 1993; Razavi & Miller, 1995; Peet with Hartwick, 1999). The equity approach is the original WID approach and, in retrospect, it was quite bold in its efforts to challenge the status quo. It addressed women’s lack of access to employment (a practical need) and their gendered subordination in the family and society (a strategic need), thereby acknowledging their multiple roles. A combination of state-driven legislative reforms to redistribute power (from men to women) and gender-aware participatory programs were proposed. This approach ultimately failed because it directly threatened mainstream development practice. Advocacy for political equality for women was politically unpopular with developing countries’ governments who viewed it as Western feminist propaganda. Likewise, development agencies shunned it because of its potential to produce conflict in challenging cultural and social norms.

Anti-poverty, the second WID approach, signaled a shift to efficiency-oriented policy, partly as a reaction to the rejection of the equity approach. Critics observed that this approach asked the question “What can women contribute to development?” rather than “What are women’s needs?” (Peet with Hartwick, 1999; Razavi & Miller, 1995). It was linked to the “redistribution with growth” strategies of mainstream development policy and proved to be politically popular because of this alignment. The problem was diagnosed as poor women’s poverty, which was seen as the source of their economic inequality with men. It did not address women’s strategic needs or recognize their multiple roles. Instead, it

32 Molyneux (1985) was the first to make the distinction between strategic needs and practical needs. Moser (1993) defines practical needs as those that women identify within their subordinate positions to men (e.g., basic living conditions such as food and water, childcare, healthcare, housing and income-earning opportunities). Strategic needs are those that arise because of women’s subordinate positions (e.g., equal access to labor markets, equal civil rights and wages, protection from violence and control over reproductive rights). According to Moser, strategic needs must be met to move women toward greater equality; meeting practical needs will not change women’s subordinate status and may actually increase gender inequalities.
sought to increase their incomes as a way to help them meet their own practical needs by expanding their productive roles. The rationale was that giving poor women more access to paid employment would increase their productivity and contribute to economic development. Education and training programs were implemented (top-down), but these were targeted toward employment in traditional women’s occupations. Feminist critics noted that the anti-poverty approach looked at women in isolation rather than in relation to men and, therefore, did not address their gender subordination. Even if women are given more access to resources, they argued, they may not be able to maintain control over those resources because women are still subjected to gender oppression (Beneria & Bisnath, 1996; Moser, 1993; Razavi & Miller, 1995).

The third WID approach, efficiency, arose out of the neoliberal economic policies discussed earlier in this paper and is the dominant approach today. These programs have been designed to fit with the goals of efficiency and productivity as mandated by structural adjustment programs in developing countries. The source of women’s inequality is defined as their inability to fully participate in productive economic activities. Again, the goal is to increase their economic participation by removing barriers to participation via increased access to labor markets, technology, credit, education, and other productive resources. However, the assumption of this approach is that increasing their economic participation will actually raise their status and therefore lead to equity. Critics charge that increasing women’s productive roles while cutting social spending has increased the time women spend in community roles and decreased their time spent in reproductive roles (Moser, 1993; Razavi & Miller, 1995; Sparr, 1994). In effect, this has shifted social program costs from developing countries’ governments to women who must do more unpaid work to provide these services. Their strategic needs are ignored and their practical needs may also suffer due to these policies. Feminist critics argue that the underlying rationale of efficiency can be used against women if they can be shown to be less productive. The assumption that “the cost of investing in women’s productivity can be justified in terms of economic returns as well as social returns” (Razavi & Miller, 1995, p. 5) may be used to justify allocating fewer resources to women.
The empowerment approach, associated with the GAD movement, embraces an equity-oriented ideology and originated from grassroots women’s organizations in developing countries (Bunch & Carillo, 1990; Moser, 1993; Razavi & Miller, 1995; Tinker, 1990). Its proponents assume that development as economic growth is not always desirable because women have suffered due to WID efficiency-oriented approaches. They recognize multiple causes of women’s oppression that interact “simultaneously and at different levels…” including “gender, race, class, colonial history, and current position in the international economic order” (Moser, 1993, p. 74). They seek to empower women through increasing their capacity for self-determination so that they may transform their own lives. This is achieved through grassroots, bottom-up organizations that politically mobilize women around practical needs (e.g., employment, housing, food production, health). They use popular education to raise consciousness and build alliances needed to pursue broad strategic needs (including equal legal status, civil rights, reproductive rights, and national self-governance). This approach is politically threatening as it challenges the current distributions of power within their own societies and between societies by seeking to change the institutional structures that perpetuate women’s inequality.

Neither the empowerment approach nor GAD policies in general has enjoyed wide support from developing countries’ governments or international development agencies, but this approach has been used by some non-governmental organizations in development work. However, it relies heavily on voluntary labor and funding from private foundations, which complicates efforts to achieve a sustained presence. However, the GAD perspective has slowly seeped, in bits and pieces, into development agencies’ work. Rathgeber (1995) believes it holds the most promise for challenging the social structures, institutions, and gender relations that marginalize women because it “sees women as agents of change, rather than . . . [passive] recipients of development assistance” (p. 206) and more fully incorporates the totality of women’s voices and experiences.

**Alternative Theories of Development**

There are several prominent theories that have disputed the modernizationist economic growth model of development. Proponents of these alternative theories have argued that not all countries will develop along a similar prescribed path as industrialized
Western countries because they have quite different economic, historical, cultural, and social contexts. Many have disagreed with the mainstream Western idea of development as economic growth and have seen it as a very narrow or undesirable goal. They have criticized modernization/growth theories for looking at development as a process that occurs in isolation within nations rather than as one that involves complex relationships across nations and sub-regions. In their view, the development process involves interactions between regions with unequal power and status in the global economy and produces wealth for some at the expense of others.

**Structuralist Development Theory**

As previously discussed, economic growth theorists had promoted capital investments in technology, production specialization (in areas of comparative advantage), and international free-trade as development strategies for poor, non-industrialized countries. This strategy was promoted by the neo-classical school of development economics which favors efficient and cost effective allocation of scarce resources via free markets and seeks to remove government regulations that are perceived as posing barriers to economic growth. Modernization growth theorists believed that industrialization would naturally occur over time as developing countries followed the Western model. From their perspective, the developing countries would, eventually, catch-up and modernize and thus achieve economic growth patterns and develop societies analogous to those in North America and Western Europe.

However, there were development economists, who, shortly after the very beginning of the post-WWII development era, began to criticize neo-classical economic growth models as inappropriate for developing countries. Although these critics initially supported modernization growth strategies and full integration into the world-economy, they disagreed with neo-classical economic growth theorists about how to accomplish this in developing countries. Their early criticisms formed the basic premise of the structuralist school of development economics which “attempted to identify specific rigidities, lags, and other characteristics of the structure of developing economies that affect economic adjustments and the choice of

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33 In practice, there were links between theorists and practitioners who sought to add a social component to mainstream economic development theory (discussed in the previous section of this chapter) and those who questioned its fundamental economic premises (discussed here). In this chapter, however, the two lines of criticism are being treated as distinct.
development policy” (Chenery, 1975, p. 1). Many believed that the historical legacy of colonialism and on-going trade relationships with industrialized countries had skewed the structures of developing countries’ economies, resulting in barriers to these countries’ economic growth and development.34

Raul Prebisch (1950, 1984, 1981/1994), possibly the economist most closely associated with the structuralist school, argued that mainstream neo-classical economic theories that assumed that specialization and free trade were beneficial to all required revision in light of the way that the unequal economic positions between developing and industrialized countries were disadvantaging developing countries in international trade relationships. In the global market system, he asserted, trade relationships occurred between countries with very different economic structures. The free-trade strategy had been far more beneficial to industrialized countries with mature, fully-integrated economies. Prebisch noted that economically powerful “center” countries dominated trade relationships with weaker “periphery” countries due to the unequal distribution of investment capital and technical capacity. North America and Western Europe were highly industrialized “center” regions and possessed vast investment capital and technological knowledge and infrastructure which permitted these regions to take a controlling role in the world economy.

Elaborating on Prebisch’s insights, structuralists asserted that one result of developing, or “periphery”, countries and regions having relatively weak, less-integrated economies was that they could not accumulate enough capital to finance industrialization (Amin, 1976; Nurske, 1953; So, 1990). Most developing countries were heavy exporters of primary products (e.g., raw materials and cash crops) because of their colonial legacy and, in some cases, continuing neo-colonial relationships and because of a comparative advantage in the production of raw materials (Amin, 1976). Britain and other Western European nations had been the primary purchasers of these exports, but, after WWII, the U.S. produced most of the world’s manufactured goods (Preston, 1996; Dicken, 1998). Demand for developing country exports decreased because U.S manufacturers were able to purchase a larger share of raw materials domestically and thus were less willing to buy from

34 For classic works on structuralist development economics see Furtado (1964), Hirschman (1958), Myrdal (1957), Nurske (1953), Prebisch (1950), Singer (1950) and Sunkel (1969).
abroad unless there were cost savings (Preston, 1996). Additionally, primary goods exporters often competed with many other countries that produced the same products (Prebisch, 1950). There was relatively little domestic value added and selling prices fluctuated with wavering core country demand (Myrdal, 1957; Prebisch, 1984; So, 1990).

The diminished demand for primary products made export production less feasible for developing countries because export revenues were declining (Prebisch, 1984; Amin, 1976). At the same time, increased world demand for manufactured goods raised purchase prices for manufactured imports for developing countries (So, 1990). Although technological advances and production efficiencies in industrialized countries had lowered the production costs of manufactured goods, profits were retained by manufacturers in the industrialized nations (partly in response to increased wage demands) (Amin, 1976). As a result, costs of importing such goods did not decrease for developing countries and many experienced balance of payments deficits because they were unable to pay for manufactured imports from export revenues (Preston, 1996). As their balance of payments deficits rose, developing countries were drained of the investment capital that they needed for industrialization (Prebisch, 1981/1994; Nurske, 1953).

Structuralists contrasted this context of unequal international trade relations and skewed domestic economic structures with the situation in European counties when they were at a similar stage on the ladder of modernization. Decades earlier, European countries had been able to develop their manufacturing industries using protectionist policies while appropriating surplus capital (i.e., cheaper materials and labor) from peripheral regions of the world (Prebisch, 1984). Furthermore, during industrialization, these countries had imposed tariffs and barriers thus limiting other areas’ access to European markets (Arndt, 1987; Larrain, 1989). In the past, these inequalities had been facilitated by European colonialism and military domination of other distant parts of the world, but this clearly was not an option for developing countries in the late 20th century.

As an alternative, structuralists supported an “import substitution” policy (i.e., domestic production of all manufactured goods that were to be consumed within the country). This policy was based on the idea that robust economic growth in a developing country in the postcolonial era must originate from internal demand and expansion of productive capacity in the domestic
industrial sector (Prebisch, 1950). Contrary to neo-classical growth policy, this strategy required both substantial government investments in the industrial sector and tight regulation of the domestic economy. Structuralists advocated using tariffs and fixed currency exchange rates to protect infant industries from cheaper imported manufactured goods (Prebisch, 1950; Balassa, 1964). This approach called for some government-run industries to produce non-durable goods that had been imported, but the eventual goal was to develop the industrial sector in a phased transition from simple to more mature industries (Balassa, 1964). Further, they proposed domestic expansion of new technologies and methods of production in order to balance growth across all sectors of the economy (Nurske, 1953). The goal was to reduce dependence on primary product exports while increasing the industrial sector output and domestic demand.

Structuralists believed that import substitution would lead to capital accumulation, industrial expansion and diversification, reduced unemployment (as workers entered the manufacturing sector), increased incomes, more domestic consumption, and, ultimately, economic growth (Martinussen, 1997). Over time, they believed, these major changes in the domestic economic structure would help developing economies catch up technologically and become able to compete from an equal position in the world economy.

In practice, industrialization from within failed for a number of reasons. It became apparent that developing country industries lacked investment capital, physical infrastructure, technological expertise, and sizable markets. Diversification into higher levels of manufacturing required significant investments in technology and education. Limited domestic and foreign demand for domestically manufactured goods made capital accumulation and industrial expansion from within difficult. Competing with products from advanced industrialized countries proved difficult because foreign manufactured goods were generally of higher quality and had well-established positions in world markets. Thus, foreign markets for manufactured goods were quite small in relation to markets for primary product exports (Arndt, 1987; Martinussen, 1997; Peet with Harwick, 1999; So, 1990).

By the 1960s, government-led initiatives to industrialize had not effectively created the transition to mature industrialization. State-led industrialization from within had created market inefficiencies—there was no competition or incentives to control costs or improve quality (Balassa, 1964; Little, Scitovsky, & Scott, 1970). Eventually, many developing countries
accepted foreign direct investments, monetary and technical aid, and substantial loans from foreign corporations, richer countries, and international donor organizations and thus reestablished their “dependent” relationship with core countries (Arndt, 1987; Peet with Hartwick, 1999). As Preston has noted, “the paradox of import-substituting industrialization was that it demanded significant supply of foreign imports all of which had to be paid for by export earnings or by the accumulation of debt” (1996, p. 187). By the 1970s, many Asian economies abandoned import substitution in favor of export-led growth. In Latin America, these failures led to market-based reforms in the 1980s-90s and investment financing with massive loans under the structural adjustment mandates of the IMF (Peet with Hartwick, 1999).

Economists differ greatly on what is to be learned from this experience. Development via industrialization brought mixed results. Even when economic growth occurred, in many Latin American and African countries its benefits were limited to small portions of the population, mainly the elite and capitalist classes who were largely concentrated in urban centers. There was little evidence of social progress and some groups, particularly in rural areas, were worse off. Many countries experienced an increase in rural to urban migration which resulted in high unemployment, poverty, and political instability (Little et al., 1970; Larrain, 1989; Preston, 1996).

Neo-liberal economists see the failure of import substitution as a vindication of the strategy of development through free trade and export-oriented manufacturing. By the early 1960s, most developing countries had joined GATT, which, in turn, led to the abolition of many tariffs on their exports (Arndt, 1987). Some were given preferential treatment for exporting semi-manufactured and manufactured goods to industrialized countries. In Asia, the newly industrialized countries (NICs), were able to rapidly grow their economies through policies that fused the structuralists’ emphasis on protectionism and government planning with the neoliberals’ emphasis on export-oriented manufacturing (Asian Development Bank, 1971; Balassa, 1981). Their success in low-level, labor-intensive manufacturing contributed to the restructuring of the manufacturing industry and the movement of low-tech, labor-intensive production from the core countries (Asian Development Bank, 1971).

**Dependency and World Systems Theory**

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While the structuralists had promoted import substitution as an alternative route to economic growth, its failure caused some economists to extend their analysis of the problems in developing countries to include an examination of the causes of inequalities in the global economy. They focused on the dynamics of global capitalism which they believed was producing an inherently unequal world economic system that favored the already powerful and wealthy countries while further depriving the weaker and poorer ones. These neo-Marxist critics, known as dependency theorists, argued that the condition of underdevelopment was directly linked to the development of the industrialized countries.

Among the first economists to make this critique was Gunnar Myrdal, who can be classified as a transitional theorist between the structuralist and dependency schools of economic development thought. Myrdal (1956/1984a) theorized that economically advanced industrialized countries, with their vast access to resources and highly integrated economies, were able to generate and sustain economic growth because of a process of “cumulative causation” that “tends to award favours to those who are already well endowed and . . . to thwart the efforts of those who happen to live in regions that are lagging behind” (p. 499). Myrdal argued that even if developing countries followed an import-substitution strategy and successfully industrialized their economies they would always remain disadvantaged in international trade. Countries with highly integrated markets and mature industries generated economic growth in more sectors (i.e., the “multiplier effect”) and were able to manipulate the terms of international trade to their advantage. This allowed economically powerful nations to accumulate profits at a higher rate and use investment capital to increase infrastructure and technology needed to increase productivity and generate further growth. In the race to develop, industrially advanced countries would always be ahead.

The dependency theorists (e.g., Samir Amin, Paul Baran, Arghiri Emmanuel, Andre Gunder Frank, Celso Furtado, and Paul Sweezy) accepted Myrdal’s observations, but they sought a systemic explanation for why and how the more economically powerful countries had been able to achieve that status and had progressed to an advanced stage of capitalism while
others had not. Although they agreed with structuralists that internal and external economic structures were barriers for poorer countries, dependency theorists departed from the structuralists’ optimistic belief that, once these barriers were removed, developing countries would be able to compete in the capitalist world economy. To the contrary, they argued that the poorer countries had already been incorporated into the world economy. However, because their role had been to serve the needs of industrialized countries (which were in the advanced stages of capitalism), capitalist development had occurred in a different way for these poorer countries and had taken them in a very different direction (Baran, 1957). Thus, these poorer countries could not develop in the same way, nor could they reach the advanced stages of capitalism in a structurally unequal system. In response, dependency theorists constructed a damning critique of the capitalist world economy that was rooted in 19th century Marxist theories of capital accumulation, class relations, and exploitation and incorporated 20th century theories of imperialism.

In the 19th century, Marx (1887/1999) had theorized that the source of capital accumulation was the appropriation of the surplus value of labor by the owners of capital. He argued that the wages paid to laborers were of less value than the value of the labor power embedded in a commodity; the difference was the surplus value that had been extracted in an unequal exchange and thus capital accumulation relied on an exploitative internal relationship between classes, i.e., the owners of capital and labor. Baran (1957) expanded Marx’s theory to include surplus extraction of value from land rents, interest on loans, and profits from trade, in addition to wage labor. Thus, he argued, surplus value was extracted by capital owners located both inside and outside poor countries. Further, Baran held that this process had not only deprived poorer countries of the capital needed for investment to develop their industries, but that there had been no incentive for the owners of capital to support industrialization since their needs and interests had been best served by preserving the status quo.

Baran was building upon the voices of early 20th century Marxists who had explained the political economy of imperialism by extending Marx’s concept of surplus value extraction via


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exploitative class relations to include relations of unequal exchange in trade between richer and poorer regions of the world (Hobson, 1902; Hilferding, 1910/1981; Lenin, 1916/1969; Luxemburg, 1913/1951). According to these theorists, owners of capital found themselves in increased competition with each other. In response, they sought to expand into more profitable arenas in the less developed parts of the world (via colonization) where they could invest surplus capital, extract natural resources and surplus labor value, and market manufactured commodities. These capitalists pressured their states to support expansionism, either by military force or by economic policy. While early theories of imperialism focused on colonized nations, Baran (1957) extended imperialism to include independent countries struggling to develop. He noted that, lacking direct military control, foreign interests had sought the cooperation of the local elite owners of capital in independent countries to extract and transfer surplus capital. Because of their political influence, local elites were enriched by their participation and served as a market for imported luxury commodities. Several decades later, Myrdal (1984b) commented on the influential role of local elites and the state as a continuing dynamic that affects developing countries:

In the underdeveloped countries governments are everywhere in the hands of the upper-class elites, even in countries that are not under military dictatorship. It is with the governments in power that all business deals have to be negotiated and concluded. And it is with them that even aid matters have to be settled. (p. 162)

Ideologically, this expansion of capitalism has been supported by designating regions as “backward” or “inferior” (Baran, 1957; Myint, 1954/1994). If underdevelopment is understood as a natural condition, it can be remedied through modernization and incorporation into the world economy via free trade. According to dependency theorists, capitalist expansion via free trade was and remains the favored strategy of capitalists “because it avoids the direct confrontation with the working class…and cheapens the production of commodities, both means of production and necessities of life” while also expanding the scale of production and procuring additional markets for both exported manufactured goods and finance capital from richer countries (Larrain, 1989, p. 43).

Following Baran, Frank (1966/1994; 1967) advanced the basic thesis of dependency theory. He argued against the mainstream idea that poorer societies were “undeveloped”. This,
he argued, implied that poorer countries had not yet reached a particular stage of development, but that they could if they followed a prescriptive path. Instead, Frank (1966/1994; 1967) asserted that these countries were being actively “underdeveloped”. In his view, underdevelopment was part of a single, historical and on-going process of capital accumulation that had allowed the already industrialized societies to develop at the expense of poorer and less industrialized ones. Thus, economic development and underdevelopment are mutually dependent processes, i.e., they “are the opposite faces of the same coin” and occur together (Frank, 1967, p. 9).

Frank (1966/1994; 1967) built on Prebisch’s idea of center and periphery countries, to describe structures in a world capitalist economy that allow transfers of vast sums of surplus capital. He argued that even the “so-called backward” areas of underdeveloped countries were part of a world capitalist economic structure and had been for centuries. Based on his studies of underdevelopment in Latin American, Frank (1966/1994) described a global hierarchical economic structure involving “metropolis-satellite relations” that directed the flow of resources upward from the poorest regions of the world to the richest:

These metropolis-satellite relations are not limited to the imperial or international level but penetrate and structure the very economic, political, and social life of the Latin American colonies and countries. Just as the colonial and national capital and its export sector become the satellite of the Iberian (and later of other) metropoles of the world economic system, this satellite immediately becomes a colonial and then a national metropolis with respect to the productive sectors and population of the interior [the underdeveloped indigenous communities]. Furthermore, the provincial capitals, which thus are themselves satellites of the national metropolis—and through the latter of the world metropolis—are in turn provincial centers around which their own local satellites orbit. Thus, a whole chain of constellations of metropoles and satellites relates all parts of the whole system from its metropolitan center in Europe or the United States to the farthest outpost in the Latin American countryside . . . Each of the satellites . . . serves as an instrument to suck capital or economic surplus out of its own satellites and to channel part of this surplus to the world metropolis of which all are satellites. Moreover, each national and local metropolis serves to impose and maintain the monopolistic structure
and exploitative relationship of this system . . . as long as it serves the interests of the 
metropoles which take advantage of this global, national, and local structure to promote 
their own development and the enrichment of the ruling classes. (pp. 151-52).

From his analysis, Frank (1966/1994) rejected claims that dual societies and economies 
arose in underdeveloped countries because some parts had been modernized by contact with the 
capitalist world while others had not because they remained isolated with subsistence economies. 
To the contrary, he argued that those satellite regions with the strongest ties to a metropolis were 
the most underdeveloped and that development would occur only when it was in the interest of 
the metropolis and would be shaped to serve the needs of the metropolis. Thus, he echoed 
Baran’s opinion that underdevelopment would continue as long as the poorer countries remained 
a part of the world capitalist system. As an alternative, Frank (1967) advocated that 
underdeveloped countries remove themselves from the system and form socialist economies. By 
doing so, he held that these countries could skip the late stages of capitalism which Marx saw as 
necessary for revolution, but which dependency theorists held would not occur so long as their 
economies were being skewed by their subordinate position in the world capitalist system.

Since the 1990s, the possibility for socialist transformation of the nation-state has become 
more illusory with the elimination of the Soviet Union, which had served as a model for 
alternative economic organization and as a sponsor of national revolutionary socialist 
movements. In response, many neo-Marxist development theorists have turned their primary 
critique away from unequal trade relations between nations and instead, have directed their 
attention to a historical analysis of global capitalism. These neo-Marxist development theorists— 
world-systems-theorists—attempt to offer a holistic explanation of the historical transformations 
of the modern, capitalist world-economy.

A theory of “world-systems” was first described in the 1970s by Immanuel 
Wallerstein (1976), an American sociologist, who argued that analyses of social processes 
must use “the world-system . . . as the basic unit of analysis . . . [and that] all social science 
must be simultaneously historic and systemic” (Wallerstein, 2006, para. 12). World- 
systems theory incorporates the basic tenets of dependency theory, but also examines the 
history of the world capitalist economy since the 16th century as it evolved from fragmented 
feudal economies to mercantilism to industrialism to its contemporary post-Fordist form.
World-systems are social systems that are “defined by the fact that their self-containment as an economic-material entity is based on extensive division of labor and that they contain within them a multiplicity of cultures” (Wallerstein, 1976, p. 229). Wallerstein described two kinds of world-systems: “world-empire” describes a social system that is under the control of a single political system (e.g., the Roman empire), while “world-economy” refers to a social system that does not have a single political system.

Prior to the 16th century, world-economies tended toward instability and eventually fell apart or became world-empires. However, Wallerstein (1976) notes that the unique structure of the modern world-economy permits continual expansion in search of profits which are distributed to private owners of capital while losses are absorbed by political entities (i.e., those at lower levels in the hierarchical structure). “It is the peculiarity of the modern world-system that a world-economy has survived for 500 years and yet has not come to be transformed into a world-empire—a peculiarity that is the secret of its strength” (Wallerstein, p. 229). Wallerstein believes this is because capitalism is a form of economic organization that spans multiple political systems so that “economic factors operate within an arena larger than that which any political entity can totally control” (p. 229). Thus, economic decision-making occurs in a largely unregulated global environment while the effects reverberate throughout the entire world-economy, for which expansion is bounded only by technological capabilities (especially in transportation and communication systems).

In the contemporary world-economy, the social organization of work and production is the primary social process that determines the spatial distribution of economic activity. Geographic regions of varying economic activity exist in a single global pyramidal structure. The position of a region in the pyramidal structure depends on its function in the international division of labor and in relation to the degree of economic activity in the world-system. Wallerstein (1976) identified three types of regions: core, semi-periphery, and periphery. A given geographic area (e.g., a single nation-state or the entire world-system) may contain many regions in each category. The position of a region in the structure may shift up or down over time as activity changes within the dynamic world-economy.
Core regions exhibit high levels of integration between a strong nation-state, national culture, and multiple economic sectors. They use advanced technologies and production systems and are able to achieve high rates of capital accumulation. High-value products in services and manufacturing are made with expensive labor requiring high levels of skill. Core regions benefit from the ability to control and exploit economic activities in semi-periphery and periphery regions via international trade.

Periphery regions have weak nation-states, i.e., they may be a colony of a core region or in a neo-colonial relationship with a core region. They use low level technologies and production systems and have low rates of capital accumulation. Economic activity is oriented to exporting low-value primary products made using cheap labor with low levels of skill. Production in periphery regions has been structured to satisfy demand in core regions; although investment capital may flow from core to periphery regions, a net surplus of capital flows from periphery to core regions. Global free trade and advanced transportation and communications technology allows the restructuring of global production and further exploitation of cheap labor in periphery regions.

Semi-periphery regions function as buffers for political tensions between core and periphery regions. They serve as conduits for surplus capital as it flows between periphery and core regions, although semi-periphery regions also engage in economic activities that exploit periphery regions. Semi-periphery regions frequently are regions in transition, on their way to becoming core or periphery regions.

Core regions have proven adept at exploiting their position at the top of the capitalist hierarchy to preserve global equality:

Since a capitalist world-economy essentially rewards accumulated capital, including human capital, at a higher rate than “raw” labor power, the geographical maldistribution of these occupational skills involves a strong trend toward self-maintenance. The forces of the marketplace reinforce them rather than undermine them. And the absence of a central political mechanism for the world-economy makes it very difficult to intrude counteracting forces to the maldistribution of rewards. (Wallerstein, 1976, p. 230)
As evidenced by the above quotation, world-systems theory remains quite close to its roots in dependency theory. While world-systems theory makes significant contributions with its analysis of historical political economy, the most significant advance in critical development thinking from the 1980s onward has come from a radically different perspective known as post-development theory which questions the entire idea of development as a desirable goal.

**Post-Development Theory**

Post-development theory is a response to the totalizing structural theories of modernization/economic growth and dependency/world systems and it arose out of poststructural theory and postcolonial criticism. Poststructural theory rejects universal truth claims and the rational and technicist logic of modern systematic theories. This perspective is based on the work of Michel Foucault who believed that domination occurred in multiple forms and power was exercised in scientific discourses that reproduced centralized power systems (Escobar, 1995; Peet with Hartwick, 1999). Foucault’s (1972) methodology of analyzing modern discourses to discern systems of domination that form relations between power, truth, and knowledge is commonly used by post-development critics today. Thus, a poststructural analysis of development views the development process “as a strategy of modern power and social control” (Peet with Hartwick, p. 124) from a cultural rather than a purely economic perspective.

Postcolonial criticism originated during the 1960s-90s, in the writings of Third World intellectuals and scholars, including Franz Fanon, Edward Said, Homi Bhabha, Ranajit Guha, and Gayatri Spivak (Peet with Hartwick, 1999). Postcolonial theorists rejected and rethought Western representations of colonialism and development, identities of the colonized and knowledge systems and identified multiple systems of domination (class, gender, race, ethnicity, culture, etc.) from the perspectives of “the other”. Postcolonialism’s emphasis on the multiplicity of knowledges and ideologies of power paralleled the poststructural critique of modernist theories and indeed much of postcolonialism is informed by poststructuralist thought. These two theoretical perspectives, joined together, form the foundation of post-development theory.
As such, post-development is not a unified theory originating from a single disciplinary field of thought as is, for example, economic growth theory. Rather, it may be described as a collection of diverse responses from critics of the post-WWII development agenda that are conveyed in movements that resist development and are elaborated in alternative perspectives on the development project (e.g., Escobar, 1995; Rahnema with Bawtree, 1997; Sachs, 1992; Saunders, 2002). The post-development era has been marked by the rise of theorists who view development as detrimental rather than beneficial, and who understand and critique the development process as a historical and cultural construction rather than as an inevitable and natural process (Peet with Hartwick, 1999). Post-development critiques of mainstream development span a continuum from specific discussions of the failures of development policies, goals, and programs to the promotion of alternatives such as locally-driven, human-centered development to more radical calls for the complete abandonment of the development idea. Post-development advocates include individuals and groups as diverse as disillusioned development professionals/social scientists, for example, Arturo Escobar, Gustavo Esteva, Vandana Shiva, Wolfgang Sachs, Ivan Illich, and Majid Rahnema (Rahnema with Bawtree, 1997) and grassroots organizations of indigenous peoples, for example, the Zapatista movement in Chiapas (Rus, Castillo, Aída, & Mattiace, 2003) and the Chipko movement in India (Shiva & Bandyopadhyay, 1986).

Most post-development advocates agree that the whole concept of Western industrialized development is problematic and that there is no universal model of development that can be mandated to others via top-down policies. Many say that even engaging in the discourse of development implies acceptance of the idea (Escobar, 1995; Esteva, 1992). They argue that “development” and “underdevelopment” are historically constructed concepts (rather than naturally occurring phenomena) that are reified in the use of dominant development discourses, representations, and interventions (Escobar, 1995; Esteva, 1992; Illich 1971/1997; Rahnema, 1992; Sachs, 1992). In their view, representations of entire countries, regions and peoples as “underdeveloped,” “backward” or “poverty stricken” are used by the Western development community to legitimate the restructuring of economic, social, and political institutions in the subjected regions.
Economic and cultural modernization strategies are then applied to these “underdeveloped” places. This process typically fails to improve material living conditions for all (except the elite in the “developing” country), but succeeds in increasing Western power and authority over the “underdeveloped,” thus subjugating the development recipient to a world economic system in which it has little power. The modernization agenda thus destroys prior social systems and support networks in the interest of naturalizing economic concepts and “modern” behaviors that are culturally produced under the guise of scientific expertise:

The economy is… not a material entity. It is above all a cultural production, a way of producing human subjects and social orders of a certain kind… [The] rise of the market, changes in productive forces and social relations of production, demographic changes, the transformation of everyday material life and the commodification of land, labor, and money [are normalized] (Escobar, 1995, pp. 59-60).

In directing attention toward the power of the idea of development, post-development theorists are not abandoning the actual power relations behind that idea. Indeed, for Escobar (1995), following Foucault, the power of the development discourse lies in the way in which material and discursive power support each other:

The system of relations [between institutions, socioeconomic processes, forms of knowledge, technological factors, etc.] establishes a discursive practice that sets the rules of the game: who can speak, from what points of view, with what authority, and according to what criteria of expertise… [which are] eventually transformed into policy or plan. (p. 41)

In other words, the system of relations that is established through development policies and interventions reifies the mainstream development ideal and this ideal, in turn, is promulgated via “modernized” networks of institutions and the professionalization of development knowledge (Escobar, 1995). An example is the loan policies of the primary international development funding agencies, the International Monetary Fund (IMF) and the World Bank. These agencies have tied loan funding for development programs to structural adjustment policies that are mandated to recipient countries and require that countries
engage in rapid economic reforms while cutting social services. Such policies further normalize the economic modernization development ideal and the power of the “developed” world to define this ideal.

Some elements of post-development critique resemble the views of social development theorists in that both are critical of the mainstream development agenda for its economic and technocratic strategies for development while ignoring more human-centered approaches. However, post-development critiques go beyond the critique of means and strategies by integrating it with a theoretical critique of the dominance of Western power and knowledge that is embedded in the economic modernization model. For example, feminist post-development scholars are critical of modern Western scientific knowledges that are the foundation of mainstream development research and policy. They argue that scientific knowledges’ authoritative claims arise from widely promulgated assumptions that such knowledges are gender-neutral, objective, empirical, and universally applicable. To the contrary, feminists assert, scientific knowledges are culturally constructed with deep roots in patriarchal and capitalist cultures and thus are inherently biased (Harding, 1986; Shiva 1989/1997). Thus, the power granted to scientific knowledges subjugates women’s knowledges, organic knowledges, and other culturally and context-specific knowledges. It also privileges knowledges that exploit nature for profit rather than sustaining it for the continued well-being of human societies (Shiva 1989/1997). From a broader post-development perspective, all processes emanating from the development ideal are seen as suspect because these are likely to marginalize local power, alternative economic systems, “non-scientific” knowledges, and societal traditions.

Post-development proponents advocate preserving local social structures, grassroots resistance movements, and cultural difference, with much emphasis placed on self-determination, local empowerment, collective action, and political mobilization of local and self-identified groups (Escobar, 1995; Esteva, 1992; Esteva & Prakash, 1996/1997). Given the diversity of historical and cultural contexts, they believe that local groups should (ideally) decide

36 See the prior discussion of structural adjustment policies in this chapter under the heading Contemporary neoliberalism and the rise of global free-market capitalism.
37 See the prior discussion of social development in this chapter under the heading “Social Development Routes to Modernization”.

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the future for themselves (Sachs, 1992). Maintaining the local “human” scale for such decisions is of utmost importance (Norberg-Lodge, 1991/1997). In small communities, the mutual interdependence that binds people together requires careful and collective decision-making because “they have an overview and can comprehend the structures and networks of which they are a part, seeing the effects of their actions and thus feeling a sense of responsibility. And because their actions are more visible to others, they are more easily held accountable” (Norberg-Lodge, p. 28).

More radical post-development theorists reject the entire concept of a modern, progressive, and linear development and instead seek alternatives to it—a position that is quite different than social development advocates whose perspective is rooted in the modernization ideal even as they work to broaden the concept of development. Radical post-development advocates believe that alternative conceptions of social and human well-being and representations of societies must come from within a given society. Alternative conceptualizations generally share some basic components regarding social and human well-being, but are usually culturally and context specific in that they are derived from a given societal group’s (e.g., indigenous peoples, women, minority, ethnic, religious groups, etc.) own values, interests, and knowledge systems.

Every culture has its own view of what conditions must be in order to allow an individual and the collective society to realize its “human potential” and “to lead a good life” (Verhelst, 1990/1997, p. 267). Thus, well-being is seen as a relative concept and every culture must work on defining it for itself. For example, some cultures (e.g., hunter-gatherer and subsistence) value peaceful co-existence among individuals and with the environment over personal accumulations of wealth and regard modern patterns of consumption as unnecessary and a threat to indigenous survival strategies (Sahlins, 1968/1997; Groh, 1985/1997). Yet, “a community that produces just what it needs, leaving the rest of its time to leisure and other artistic activities, is labeled “unproductive” (Rahnema, 1997, p. 123) by the modern development establishment. Illich (1971/1997) argues that this mindset makes development “planned poverty” because it creates the concept of “underdevelopment as a state of mind [that occurs] when mass needs are converted to the demand for new brands of packaged solutions which are forever beyond the reach of the majority” (p. 97).
Thus, post-development advocates believe that indigenous peoples should and do use their own values of what they view as the good life (based on their life experiences) to examine Western development “for its validity in relation to local ideas and also for consistency with the practical processes they have seen” (Dahl and Mergussa, 1992/1997, p. 52). In other words, they are keen judges of when the hype and promises of a romanticized development ideology is inconsistent with the actions taken and with what they believe will actually help them achieve better lives. For example, Simmons (1992/1997) recounts the experiences of poor women in “underdeveloped” countries. Many women who labored in the informal economy (e.g., small family farms and thus not counted in economic growth measures) were targeted for inclusion in poverty alleviation programs, i.e., they were brought into the formal economy as labor for market-based production. But simply including them in the labor pool for the world economy did not change their subordinate gender, social, or political statuses and often displaced them from their land and former work (over which they had more control). In such instances, women’s incomes may rise, but they must still contend with oppressive social structures and exploitative corporations—all of which are dominated by men. More importantly, modernization does not bring them the highly valued right of self-determination that allows women to exercise real control over their livelihoods.

A number of critiques may be made of post-development theory. First, post-development theory assumes that local/indigenous societies ever existed in a pure form (and if any ever existed, they still exist). It assumes that all things local and indigenous are necessarily good, even when local conditions are such that extreme poverty exists (i.e., basic human needs have not been satisfied) and/or non-democratic rule permits blatant social injustices and exploitation to occur. This tendency to ignore the internal oppression that exists in some traditional societies obscures the fact that many do not provide self-determination for all of its members, especially women. Such romanticization of the local can lead to relativism (i.e., there is no way to critique something as bad if it is indigenous).

Second, local social movements are not immune to the promises (false or not) of development. Post-development is unrealistically optimistic about the ability of all things indigenous and local to completely escape all vestiges of contemporary global capitalism that have been promulgated through investments, transportation, media, and communications.
Bebbington (2000) argues that indigenous communities may be more interested in gaining access to resources that enable them to sustain and improve their lives in the short run than in challenging larger power structures and this may require an engagement with the ideals of development rather than its wholesale rejection.

Third, post-development theory still lacks a coherent and practical set of guidelines for how grassroots groups can move toward a transformation of oppressive political, social, and economic systems in a highly globalized world system (Batterbury & Fernando, 2004, p. 116). With its emphasis on the rejection of all things “modern”, post-development theory loses sight of contemporary capitalism as a source of misused power and even more so in its neoliberal form (Peet with Hartwick, 1999). Unless a radical transformation of this system occurs, oppressed peoples will still be unable to exercise agency and achieve social and human well-being to the fullest extent (Batterbury & Fernando).

Fourth, just as post-development theory emphasizes the significance of modernity over that of capitalism, its focus on the ideological power of the development discourse diverts attention from the very real social structures and material relations of power that are oppressing peoples (Peet with Hartwick, 1999; Kiely, 1999). The focus on discourse ideologies misses other levels of oppressive forces that are the basis of fundamental societal inequalities:

The critical analysis of development as discourse is far more revealing in terms of motive forces when it is cast not in terms of power in general, nor the power of a specific institution, but in terms intermediate between these: class, gender, ethnicity, and state, on the one hand and beliefs, ideals, and policies, on the other (Peet with Hartwick, p. 158)

And fifth, discourse analysis “tends to throw together diverse and contested positions of development simply because they ‘share the same discursive space’” (Batterbury & Fernando, 2004). In other words, post-development theorists fail to appreciate the substantive differences between, for example, Marxism and modernization theory, instead dismissing both theories because of their modernist theoretical foundations (Peet with Hartwick, 1999; Kiely, 1999).

*Contemporary Development Theory and Practice*
Economic modernization remains the dominant development strategy despite the support for a more social and human-oriented development approach among many in the development field and in grassroots organizations around the world. Among the industrialized countries, there are few who have not followed the neoliberal policy prescriptions of contemporary mainstream policy that still pursues economic growth as the primary development goal.

In the developing countries, although some have resisted the imposition of Western development values while challenging the world economic order, in many cases the governments of these countries have had little choice but to accept the development policies that have been mandated by Western development institutions in structural adjustment programs or as part of the global trade game. Others willingly pursue a Western modernization model of economic development, which they perceive to be the key to a successful future in a global economy permeated by Western technology, industrialization, attitudes, and lifestyles (Friedman, 2000; Barber, 2001). The unbridled pursuit of economic growth has become part of a process they desire or consider necessary to compete and gain power and status within the world order.

Among both industrialized and developing countries, policy-makers and leaders have succumbed to the tendency to “[hold] on to the development strategy which command[s] the widest public support and [is] therefore most likely to keep them in power,” and, in the case of corrupt government leaders, gives them the greatest access to wealth (Arndt, 1987, p. 173). Indeed, in 2005, the World Bank refocused its efforts on the promotion of global trade liberalization and neoliberal policies in developing countries. In a December 2005 address to the National Press Club, Paul Wolfowitz, President of the World Bank, affirmed this commitment in stating:

We need to press ahead with other matters and particularly with a trade agenda. As important as aid is, as important as debt relief is, the opportunities that can be generated by trade are far more significant. Trade is the missing link to jobs and opportunity. . . . [We] have pledged to add more resources into the trade agenda. We are working closely with our partners in the IMF and the World Trade Organization on what we call an "aid for trade" package to help poor countries improve their investment climate, invest in

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38 Paul Wolfowitz was appointed as president of the World Bank on March 31, 2005.
infrastructure and empower people. . . . Success is measurable in the concrete opportunities that are opened up for countries to benefit from trade (Wolfowitz, December 7, 2005).

Despite the World Bank’s recent reaffirmation of the neoliberal agenda, the varied conceptions of development promoted in the alternative development literatures have gradually influenced some of the policies and programs of the major international development agencies. As early as 1974, participants in a UNEP-UNCTAD\textsuperscript{39} symposium in Cocoyoc, Mexico formulated a statement of development that included qualitative aspects of human development as part of the basic needs approach (Esteva, 1992):

Development should not be limited to the satisfaction of basic needs. There are other needs, other goals, and other values. Development includes freedom of expression and impression, the right to give and receive ideas and stimulus. There is a deep social need to participate in shaping the basis of one’s own existence and to make some contribution to the fashioning of the world’s future. Above all, development includes the right to work, by which we mean not simply having a job but finding self-realization in work, the right not to be alienated through production processes that use human beings simply as tools (The Declaration of Cocoyoc, cited in Fagerlind & Saha, 1989, p. 118).

The United Nations Development Programme Human Development Report 1990 (the first of these annual reports) expanded the definition of development to include ‘capabilities’\textsuperscript{40}:

Human development has two sides: the formation of human capabilities—such as improved health, knowledge, and skills—and the use people make of their acquired capabilities—for leisure, productive purposes or being active in cultural, social, and political affairs. . . . Development must, therefore, be more than just the expansion of income and wealth. Its focus must be people. (United Nations Development Programme, 1990, p. 10)

\textsuperscript{39} UNEP is the United Nations Environmentmental Programme and UNCTAD is the United Nations Conference on Trade and Development.

\textsuperscript{40} The 1990 report was prepared under the guidance of Mahbub ul Huq, the creator of and project director for the UN Human Development Report. Amartya Sen, 1998 Nobel Prize winner in Economics, served as a consultant to the UN Human Development Report project team (UNDP, 1990) and his ideas on human capabilities and their relation to development are evident in this report.
An introduction to the report stated that “the Report addresses, as its main issue, the question of how economic growth translates—or fails to translate—into human development. The focus is on people and on how development enlarges their choices” (United Nations Development Programme, 1990, para. 1).

Subsequently, the first United Nations (UN) conference on issues of social development (entitled “The World Summit for Social Development”) was held in Copenhagen, Denmark in 1995. It was “at that time . . . the largest gathering of world leaders ever [with] 117 heads of state or government and 14,000 participants” (World Bank OED Review, p. 1). The UN Commission for Social Development (UNCSD) was established to follow-up and implement the Copenhagen Declaration and Programme of Action and to advance the key social development themes of the conference, including the “integration of social and economic policy” (UNCSD, 2004, para. 5). Although no firm consensus was reached on a definition of development, the introduction to the Copenhagen Declaration on Social Development (UNCSD) elaborated on such integration as part of a larger idea of sustainable development:

We are deeply convinced that economic development, social development, and environmental protection are interdependent and mutually reinforcing components of sustainable development, which is the framework for our efforts to achieve a higher quality of life for all people. Equitable social development that recognizes empowering the poor to utilize environmental resources sustainably is a necessary foundation for sustainable development. We also recognize that broad-based and sustained economic growth in the context of sustainable development is necessary to sustain social development and social justice.

We recognize, therefore, that social development is central to the needs and aspirations of people throughout the world and to the responsibilities of Governments and all sectors of civil society. We affirm that, in both economic and social terms, the most productive policies and investments are those that empower people to maximize their capacities, resources, and opportunities. (UNCSD, 2000, introduction para. 6 & 7)
In a similar vein, the United Nations Millennium Development Goals were adopted in 2000 as “a blueprint agreed to by all the world’s countries and all the world’s leading development institutions . . . to meet the needs of the world’s poorest” (United Nations Millennium Development Goals, 2005, para. 1) and in an effort to assist developing countries in meeting the challenges of globalization, particularly those with economies in transition (United Nations Millenium Declaration, 2000\textsuperscript{41}). These goals (with no mention of economic growth) incorporated ideals of human and social development as targets to be met by all member nations by 2015 and include the following:

- Goal 1: Eradicate extreme poverty and hunger;
- Goal 2: Achieve universal primary education;
- Goal 3: Promote gender equality and empower women;
- Goal 4: Reduce child mortality;
- Goal 5: Improve maternal health;
- Goal 6: Combat HIV/AIDS, malaria, and other diseases;
- Goal 7: Ensure environmental sustainability;

Just as United Nations agencies were broadening their concept of development, similar transformations were occurring in the late 1990s at the World Bank under President James Wolfensohn.\textsuperscript{42} An internal audit conducted by the World Bank’s Operations Evaluation Department (WBOED) summarized this brief transformation:

The Bank’s original emphasis on investment gaps and infrastructure deficits has gradually broadened over time into a more holistic vision encompassing knowledge, participation, institutions, and the enabling environment for development because less complex conceptualizations of development did not attain the expected results. Concomitant with

\textsuperscript{41} This declaration recognized that globalization had not been particularly beneficial to developing countries and that development policies must address the various difficulties that have arisen. Point 5 of the declaration stated:

We believe that the central challenge we face today is to ensure that globalization becomes a positive force for all the world’s people. For while globalization offers great opportunities, at present its benefits are very unevenly shared, while its costs are unevenly distributed. We recognize that developing countries and countries with economies in transition face special difficulties in responding to this central challenge. Thus, only through broad and sustained efforts to create a shared future, based upon our common humanity in all its diversity, can globalization be made fully inclusive and equitable. These efforts must include policies and measures, at the global level, which correspond to the needs of developing countries and economies in transition and are formulated and implemented with their effective participation (UN Millenium Declaration, 2000, para. 5).

\textsuperscript{42} James Wolfensohn served as president of the World Bank from 1995-2005.
this broader development vision in the Bank has been both a change in the way projects are analyzed and a change in the mix of operations that the Bank supports. Analysis in support of Bank operations has widened from economic and technical impacts to include indirect institutional and social impacts. (World Bank, 2003, p.1)

Nonetheless, the WBOED review found that although social development was being given greater priority, there was no consensus regarding how to define, link, and operationalize social development goals:

Social development does not have a single, broadly agreed definition and is often characterized by what it does rather than by what it is. Four conceptions of social development have emerged within donor organizations. They pertain to: social sectors; safety nets; inclusion, equity, and empowerment; and social relations. These are often reflected in the structures agencies adopt to deal with social issues. Within a single development organization, any combination of these conceptions can exist, making the internal dialogue quite challenging. (World Bank, 2003, p. 1)

While the WBOED review found that World Bank development projects are more successful when they incorporate social development themes and particularly when multiple themes are included, it also determined that there was a need to increase support for social development themes among World Bank project staff and clients (i.e., foreign governments).

At the root of the World Bank’s failure to operationalize its reconceptualization of development was a tendency to still conceive of development in solely economic terms. For instance, in a recent World Bank publication, Meier (2001b) writes that the World Bank’s new policy focus must be to “get institutions right….to establish the institutional and organizational structure that will support the desired rate and composition of economic change” (Meier, 2001b, p.23). In other words, the broadening of the development agenda was still seen by the World Bank as a means toward achieving the ends of economic development.

In contrast, some of the individuals who advised the World Bank during this era proposed a more radical (and politically threatening) conceptualization of development. Amartya Sen, who served as a Presidential Fellow at the World Bank in 1996, gave several lectures to the World Bank on the need to define development in terms of human freedoms which he published in his provocative book, Development as Freedom. Sen (1999) argues that
“development can be seen . . . as a process of expanding the real freedoms that people enjoy” (p. 3). This necessarily involves “the removal of various types of unfreedoms that leave people with little choice and little opportunity of exercising their reasoned agency” (p. xii). Freedom is the essence of development, both because it indicates a society’s level of development and because it gives people the capability to exercise choice, or agency.

Sen focuses on the development of freedoms because “[the] expansion of freedom is viewed . . . both as the primary end and as the primary means of development” (p. xii). Human freedoms, which include a number of instrumental freedoms including economic opportunities, political freedoms, social facilities, transparency guarantees, and protective security, are interconnected and their mutual interactions are a means to greater overall human freedom. Overall human freedom, in turn, is expanded when individuals increase their capabilities to live their lives as they choose:

Greater freedom enhances the ability of people to help themselves and also to influence the world and these matters are central to the process of development (p. 18).

Development thus involves increasing individuals’ capabilities to exercise agency. For Sen, an agent is not merely one who can act for oneself but also one who acts to transform one’s environment:

I am using the term “agent” . . . [to mean] someone who acts and brings about change and whose achievements can be judged in terms of her own values and objectives….This work is particularly concerned with the agency role of the individual as a member of the public and as a participant in economic, social, and political actions (p. 19)

Although individual agency is central to development so that individuals can act to make changes, it is “constrained by social, political, and economic opportunities” that are available (pp. xi-xii). Thus, Sen’s approach joins a focus on increasing capabilities of individuals with the transformation of social institutions and promotes “an integrated analysis of economic, social, and political activities, involving a variety of institutions and many interactive agencies” (p. xii).

As Sen notes, his development as freedom approach “goes well beyond the traditional view of development in terms of ‘the growth of output per head’” (p. 291). Sen points to two aspects of his theory that distinguish it from mainstream development theory. First, he notes that
while mainstream development theories focus solely on outcomes, his approach also accounts for the processes by which decisions are made:

Such processes as participation in political decisions and social choice cannot be seen as being – at best – among the means to development (through, say, their contribution to economic growth), but have to be understood as constitutive parts of the ends of development in themselves (p. 291, emphasis in original).

Secondly, Sen’s theory considers “the extent to which people have the opportunity to achieve outcomes that they value and have reason to value” (p. 291). In other words, for Sen, development is a process, not an outcome and it is a process of achieving human freedoms and acquiring the capabilities and opportunities to exercise those freedoms.

Sen’s perspective thus rests upon a reconceptualization of human development:

If…the focus is, ultimately, on the expansion of human freedom to live the kind of lives that people have reason to value, then the role of economic growth in expanding these opportunities has to be integrated into that more foundational understanding of the process of development as the expansion of human capability to lead more worthwhile and more free lives (p. 295).

Sen directly raises the issue that such a major shift in how one conceptualizes development must be accompanied by a congruent shift in the goals and purposes of education:

The benefits of education…exceed its role as human capital in commodity production. The broader human-capability perspective would note – and value – these additional roles as well….This is because human beings are not merely means of production, but also the end of the exercise (pp 294, 295-296).

This debate about the meanings and purposes of education is considered in the next section.

**EXAMINING THE RELATIONSHIP BETWEEN EDUCATION AND DEVELOPMENT**

It is generally accepted that the term development may be conceptualized in various and complex ways, but those who focus on goals other than economic growth believe that it implies some process of individual and societal transformation which enhances the potential of humans to live better lives. Education has long been considered one means for achieving
these transformations. In the early 20th century, the rapid expansion of formal education in all parts of the world was based on the belief that basic levels of literacy and numeracy were necessary to prepare individuals for work in an increasingly industrialized world and to participate as citizens in modern societies. By the middle of the 20th century, the development strategies for most countries included an increased focus on the role of education as a major agent in bringing about societal transformation through economic development. The intensity of this focus has produced numerous theories about the relationship between education and development. Notably, this relationship is quite complex, highly debated, and its effects are multidimensional (i.e., cultural, economic, social, and political).

At the beginning of the 21st century, leaders in the fields of both economic and educational policy have begun to reexamine the role that education can play amidst the changes wrought by globalization. The importance of education policy and the need to rethink its role in addressing inequalities and meeting the needs of marginalized peoples was highlighted in a keynote address by Ben Bernanke, the U.S. Federal Reserve Chair in August 2006. He declared that the current scale and pace of globalization was unprecedented and warned that government policymakers must address the unequal distribution of the benefits of global economic integration and the disruptions that such massive changes bring to peoples lives. More specifically, he stated:

The challenge for policymakers is to ensure that the benefits of global economic integration are sufficiently wide-shared — for example, by helping displaced workers get the necessary training to take advantage of new opportunities — that a consensus for welfare-enhancing change can be obtained (Andrews, 2006, p. 2).

Given that current worker education and training policies are geared toward competing in the global economy above all else, it is unlikely that Bernanke’s call for displaced worker training will result in (quote) “welfare-enhancing change” in the U.S. or abroad until the education-development relationship is thoroughly reexamined. Such reexamination must consider the following questions: “What kind of development is desired, what kind of education is most suitable for this development, and whose interests in the development process should prevail?” (Fagerlind & Saha, 1989, p. 62). The answers to
these questions that are chosen by a given society have direct implications for education policy and for determining how the benefits of education and development are distributed among its members. More importantly, how a society answers these questions also determines whether education is narrowly defined to fit the needs of the global capitalist economic system, or to achieve much broader goals of individual and societal well-being and global social justice.

**Competing Ideologies Regarding the Role of Education**

If the role of education is to promote development as global economic growth then displaced and marginalized people will continue to be educated to work at the bottom of the world’s labor markets and to live in a less equitable society. However, if the goal is to promote broader development that decreases inequalities and increases human potential and societal well-being, then the role of education must be seen quite differently.

Those who see development as modernization via economic growth have defined the primary role of education as preparing individuals for their roles as workers. Under this approach, the structure and content of formal schooling is determined by the needs of the economic system and change accordingly as these needs change. Individuals are trained and socialized with the appropriate skills and behaviors that make them “socially efficient” workers who will fit into the given economic production system, wherever that may be (Levin, 1995). This ideology has guided mainstream education policy since the mid-20th century with an emphasis on the need for individuals and societies to make investments in human capital to ensure that economic growth will follow. Nearly a century ago, educational philosopher John Dewey (1916) warned of the consequences of narrowly construing the aims of education to be social efficiency defined as industrial competency. He wrote:

> With the change from an oligarchical to a democratic society, it is natural that the significance of an education which should have as a result ability to make one's way economically in the world, and to manage economic resources usefully instead of for mere display and luxury, should receive emphasis.

There is, however, grave danger that in insisting upon this end, existing economic conditions and standards will be accepted as final. A democratic criterion requires us to
develop capacity to the point of competency to choose and make its own career. This principle is violated when the attempt is made to fit individuals in advance for definite industrial callings, selected not on the basis of trained original capacities, but on that of the wealth or social status of parents. As a matter of fact, industry at the present time undergoes rapid and abrupt changes through the evolution of new inventions. New industries spring up, and old ones are revolutionized. Consequently an attempt to train for too specific a mode of efficiency defeats its own purpose. When the occupation changes its methods, such individuals are left behind with even less ability to readjust themselves than if they had a less definite training. But, most of all, the present industrial constitution of society is, like every society which has ever existed, full of inequities. It is the aim of progressive education to take part in correcting unfair privilege and unfair deprivation, not to perpetuate them. Wherever social control means subordination of individual activities to class authority, there is danger that industrial education will be dominated by acceptance of the status quo. Differences of economic opportunity then dictate what the future callings of individuals are to be (Dewey, 1916, p. 93).

In contrast, if broader human development is desired, then the purpose of education must be to fully develop the potential of individuals through broad exposure to many learning experiences over a lifetime that will ready and sustain them for many roles in society. The need to earn one’s living should not be ignored and indeed may spring from broader learning. But education should be sought not only for this end, but also for its ability to cultivate one’s natural talents, transform oneself and community, and to learn and practice the democratic ideals of citizenship that enable one to participate fully in society (Dewey, 1916). Ultimately, education should enable individuals to develop the capabilities and exercise their freedom to choose their livelihoods instead of being subordinated to a preordained social order. This was Dewey’s idea of a progressive education aimed at addressing the ever present inequities in modern societies and is seemingly consistent with Sen’s contemporary reconceptualization of human development as “the expansion of human freedom to live the kind of lives that people have reason to value” (Sen, 1999, p. 295). It is apparent then, that quite different ideological views about education and its role in societal development can influence education policy and practice in distinct ways that serve
groups with opposing interests. Give the dissimilar outcomes that result from a social efficiency versus broader human agency-oriented approaches, it is important to reexamine the dominant ideology, i.e. human capital theory, that guides current education policy and critique it in light of plausible alternatives.

**Human Capital Theory**

Though the concept of human capital was recognized much earlier by political economists, including Adam Smith (1776/1991), John Stuart Mill (1848/2004), and Alfred Marshall (1890/1961), it rose to prominence in the 1960s as a neoclassical economic theory that proposed a causal link between increased investments in education, human capital formation, and national increases in economic growth (Schultz, 1963; Becker, 1964/1993; Mincer, 1958). For many decades afterward, it was the dominant theory that guided policy regarding education production, resource allocation, and distribution and many of its assumptions still inform education policy today. However, economists and non-economists have criticized human capital theory’s basic assumptions, empirical validity, and underlying ideology and have proposed more critical alternative theories regarding the role that education plays in society.

**Human Capital as an Investment**

During the first half of the 20th century, increased rates of economic growth in the U.S greatly exceeded increased investments in physical capital and land. Neoclassical economists proposed that these unexplained increases in economic growth were due to increased investments in human capital which had increased the productive capacity of the workforce (Schultz, 1961; Denison 1962). They believed that labor was not a homogeneous input of production. Instead, they proposed that labor was alterable through investments in education that increased the capabilities of individuals to produce economic output and earn income. These productive capabilities included “an individual’s productive skills, talents, and knowledge” (Thurow, 1970, p. 1) and could be developed “through formal and non-formal education at school and at home, and through training, experience, and mobility in the labor market” (Mincer, 1981, p. 3). In addition, human capital proponents argued that
expenditures to increase human capital were investments that “influence(d) future monetary and psychic income by increasing the resources in people” (Becker, 1964/1993, p. 11).

Because earlier empirical evidence indicated that educational attainment and future earnings were highly correlated, human capital theorists have focused much attention on monetary returns to human capital investments (Becker, 1964/1993; Cohn & Geske, 1990). They proposed that educational investments, like physical capital investments, could be compared and evaluated using rational economic decision models to enable individuals and societies to choose efficient investments that would maximize productive capacity and economic growth. In conceptualizing human capital theory, proponents made several assumptions regarding relationships between education, earnings, productivity, economic growth, and income distribution: 1) Efficient educational investments can be determined so that an optimal allocation of educational resources is possible; 2) More education increases earnings which are measures of increased productivity that results from educational investments; and 3) increased investments in education at the national level are related to increases in economic growth which leads to more equal income distribution. Critics have challenged all these assumptions as methodologically flawed and/or empirically weak to such an extent that claims for efficiency cannot be made (Blaug, 1976/1992a; Klees, 1986). Because the validity of human capital theory rests on these assumptions, I will elaborate briefly on each and examine the criticisms and/or challenges to them.

**Can Efficient Educational Investments Be Determined So That Optimal Allocation of Educational Resources Is Possible?**

Human capital theory assumes that investors have limited resources and choose education investments that maximum utility (satisfaction) from invested resources. This requires that alternative investments in education be analyzed to determine which will produce the greatest benefits per unit of resource invested. It also assumes that individuals and societies will use rational decision models to evaluate investment alternatives, and that perfect information is available about all present and future costs and benefits of potential investments. Commonly used decision models include cost/benefit analysis of and calculation of rates of return (RORs) to investments in education (Cohn & Geske, 1990; Klees, 1986; Thurow, 1970).
According to neoclassical economic theory, an efficient decision is one that maximizes utility and not just earnings (Thurow, 1970). Therefore, any valid decision model should include all the benefits from an educational investment (Blaug, 1976/1992a; Cohn & Geske, 1990; Klees, 1986; Thurow, 1970). Private education benefits flow to individuals in current and future periods. These include, but are not limited to, the following: monetary benefits such as earnings; non-monetary benefits such as greater job stability and satisfaction, better health, and longer life spans; and non-market benefits such as higher productivity in non-work activities, consumption benefits such as the enjoyment of learning, and intergenerational benefits. Social benefits are the sum of all private benefits plus the external benefits (i.e., positive externalities) to society from investments in education; the external benefits of education are not retained by an individual but benefit society at large (e.g., lower crime rates, a more literate citizenry, etc.) (Thurow, 1970; Cohn & Geske, 1990).

The inclusion and measurement of the full benefits of education in decision models has frequently been ignored by neoclassical economists. The identification and valuation of non-monetary returns in particular, has been quite difficult and highly subjective (Blaug, 1976/1992a), although human capital theorists have readily acknowledged their existence. Mincer (1981) wrote that “education itself may be attractive and it may enhance future enjoyment of life apart from the monetary gain” (p. 5). Becker (1964/1993) stated “nothing in the concept of human capital implies that monetary incentives need be more important than cultural and non-monetary ones … obviously, it is much easier to quantify the monetary side” (p. 21). However, a bias toward favoring monetary returns is evident in Becker’s claim that even when some non-monetary returns were included in studies, results indicated “they are apparently smaller than monetary benefits” (p. 21). However, all, and not merely some benefits must be included to make such claims. The subjective selection of some benefits over others has “produced quite different conclusions about the optimal education strategy” (Blaug, 1976/1992a, p. 7). This is problematic for individuals who must evaluate educational alternatives and occupational choices, which are primary human capital investment decisions.
In addition, the social benefits of education must be fully recognized in order for
governments to make investments that are efficient for society as a whole (Klees, 1991;
Thurow, 1970). Ignoring social benefits because they are hard to quantify in monetary
terms poses several methodological and theoretical problems. Social rates of return are
often used to make comparisons of investments in various kinds and different levels of
education. However, the failure to include all social benefits means that true social RORs to
education are not available, and therefore, such comparisons are unreliable (Klees, 1991).
Also, education produces social benefits (positive externalities) that cannot be captured by
private investors. Since private investors will not consider positive externalities, there will
be an under-investment in education unless governments invest in education in order to
capture these benefits.

Some human capital proponents have admitted that their inability to fully measure
and include non-monetary benefits in cost/benefit analyses means claims for optimally
efficient education resource allocation cannot be made (Woodhall, 1987). However, the
theoretical concept of efficiency presents more serious empirical problems. Klees (1991)
has noted that the neoclassical concept of efficiency is not attainable unless labor prices are
set under perfectly competitive conditions. Therefore, if imperfect conditions exist,
inefficient pricing occurs. Therefore, valid and reliable cost/benefit analysis and ROR
calculations that indicate efficiency cannot be obtained. However, neoclassical economists
have been reluctant to give up their notion of arriving at an efficient investment decision
that, in theory, maximizes the welfare of all. In reality, every education resource allocation
decision is an equity (i.e., distribution) decision because the result is one that makes some
better off by making others worse off (Klees, 1986).

**Does More Education Increase Productivity and Earnings?**

This assumption implies three interrelated relationships: more education increases
earnings, earnings are valid measures of productivity, and more education increases
productivity. Each is considered individually here.

**First, what is the effect of increased educational attainment on earnings?** Human
capital proponents and critics alike agree that evidence from many empirical studies have shown
a positive correlation between years of education and earnings (Carnoy, 1992; Jencks, 1985;
Hinchcliffe, 1995). However, they do not agree about the nature of this relationship. Before human capital theory, the relationship had been thought of as one where differences in educational attainment were due to differences in income, i.e., education was a consumption good because individuals from higher social class backgrounds with more income preferred and purchased more education (Blaug, 1976/1992a; Cohn & Geske, 1990). Human capital theorists proposed an opposite causal relationship, i.e., differences in earnings were due to differences in years of educational attainment. Given this, they believed the demand for education was driven by individuals who were acting on information about future earnings and were investing in more education to increase their earnings potential.

Prior to human capital theory, the probability that students made educational choices based primarily on predictions of future earnings was considered “implausible, on the grounds that students lack the necessary information and that the available information is known to be unreliable” (Blaug, 1976/1992a, p. 6). Today, many still consider the notion of a predictable education/earnings relationship as unrealistic because wage rates vary by “geographic region, race, age, occupation, and industry” (Thurow, 1970, p. 31). Imperfect information is the main factor contributing to labor price differences, and occupational choices are often constrained by the costs of obtaining information in imperfect markets, especially for the poor (Thurow, 1970). Thus, the lack of perfect information makes reliance on earnings predictions for choosing education pursuits and occupations less accurate than human capital theory suggests (Blaug, 1976/1992a).

Still, neoclassical economists have attempted to model micro- and macro-earnings functions to explain the effect that educational attainment has on individual earnings and national incomes. In theory, precise predictive models could be used by individuals and governments to guide their educational investment decisions. Human capital researchers have typically used multiple regression analysis to model the effect of multiple input variables on earnings, with the goal of isolating the effect of years of education on earnings (Cohn & Geske, 1990; Thurow, 1970). However, the predictive value of any model is questionable because “multiple regression analysis can make a claim for accurate measures of causal effect only if there is a theory that specifies all variables that influence the outcome(s) of interest, how to measure them, and their precise functional interrelationship” (Klees, 1986, p. 599).
Indeed, determining exactly how education affects earnings has been quite difficult. Klees (1991) has argued that “the problems with measuring and interpreting this connection are the most serious internal ones the [economics of education] field has” (p. 725). In reality, each individual has a unique earnings function. Different inputs yield different earnings, the exact same inputs may yield different earnings for different individuals, and returns are not constant over an individual’s lifetime. In addition to years of education, other input variables that affect earnings include occupational status, ability, motivation, socioeconomic status, family background, parents’ education, place of residence, age, sex, race, ethnicity, religious affiliation, health, work experience, and quality of education. The inclusion and weighting of input variables is quite subjective, and the interaction effect between variables is difficult to estimate as input variables are added or omitted from models (Klees, 1986). Thus, attempts to isolate the effects of closely related variables, such as quality vs. quantity of education, on earnings have been quite problematic. Many have criticized the use of an arbitrary correction coefficient that some researchers assigned as the effect of years of education on earnings when calculating aggregate earnings functions (Blaug, 1976/1992a; Carnoy, 1992; Klees, 1986). In their view, this amounted to nothing but an attempt to “guess at the effect of education on earnings” (Klees, 1991, p. 725).

To this day, there is no agreement among neoclassical economists about what to include in earnings functions and how to measure them. A theoretically correct model of the education/earnings function has been impossible to specify in reality as both prominent critics and proponents have admitted (Blaug, 1976/1992a; Psacharopoulos, 1987). Klees (1986) has offered an explanation of why human capital theorists have so persistently pursued such an elusive quest: “The effect of education on wages is most studied only because it is easier to quantify in monetary terms, not because it is more important in determining what is efficient” (p.583).

Therefore, it is difficult to define any precise education/earnings relationship in universal terms. The subjective selection and measurement of input variables yields misspecified earnings functions which erodes claims for efficient allocation of educational investments (Klees, 1986). As Carnoy (1995a) has noted, wage structures may be more dependent on the position of a locality in the international division of labor than on
education levels. Rather than dwelling on the uncertain education/earnings relationship, policy makers may need to tailor education investment strategies toward reshaping how individuals in specific localities can fit into the rapidly changing world economy (Carnoy, 1995a).

**Second, are earnings a valid measure of productivity?** Human capital is distinguishable from other production input factors, such as land or financial capital. Because of its inseparability from its owner, labor cannot be sold. Therefore, the value of labor must be established in terms of what it produces, i.e., marginal productivity theory assumes that labor is paid an equilibrium wage that is equal to the value of its marginal contribution to output. More educated workers are assumed to be more productive that result in higher earnings in the form of wages that are determined in a perfectly competitive economy. Neoclassical economics requires the following conditions for perfect competition under which efficient labor pricing can occur: producers and sellers are sufficient in number that no single entity can influence labor pricing, all have the goal of maximizing their utility, equilibrium labor prices are set in response to simultaneous changes in supply and demand; all producers and suppliers have perfect information about labor pricing; and individuals’ choices about education investments and occupations are unconstrained (perfect capital markets, perfect labor mobility, and no discriminatory practices) (Cohn & Geske, 1990; Klees, 1986; Thurow, 1970).

However, there is ample evidence in everyday life that perfectly competitive conditions do not exist (Cohn & Geske, 1990; Klees, 1986; Thurow, 1970). Large corporations may have near monopoly or oligopoly powers that limit occupational choices and suppress wages, particularly in peripheral economies where only a few employers compete for labor. In addition, labor price changes may occur under conditions of long-run disequilibrium because of variability in economic growth across geographic regions and industry sectors. However, supply adjustments always lag behind demand changes because of inadequate information and the costs to individuals in making those adjustments. The poor, in particular, are unable to compete equally in labor markets because they lack adequate information about wages and job opportunities and are less able to pay for such information. Individuals are further constrained by imperfect capital markets that limit their
ability to obtain needed funding to make efficient educational investments; also, their mobility is limited by their ability to bear transition costs (which are different for each individual). Discriminatory practices artificially restrict entry to labor markets, industries, and occupations, and limit earnings and educational opportunities for members of particular groups (e.g., racial, ethnic, and religious minorities, and women, older workers, and immigrants). Although human capital proponents acknowledge the existence of market imperfections (Mincer, 1981), they still defend the idea that earnings are a valid measure of productivity. This, Klees (1991) argues, contradicts basic neoclassical theory because “if there is anything less than the ‘first-best’ world of perfect competition, we have no idea of how accurately wages, and all other prices, reflect productivity” (p. 726).

Earnings are also determined by other means that are not related to productivity such as perceptions of worth, custom, ideas of fairness, minimum wages, and employer-union negotiations, and occupational, industry, or firm averages. Thurow (1970) has argued that the marginal productivity theory is still valid if an individual’s wage is the average marginal product of his/her occupation because it reflects the productivity of a group with similar skills. However, if this is not the case (e.g., the wage is an industry or firm average) then the theory is not useful “because differences in the human capital values of different occupations [will] provide little information as to which skills an individual should acquire” (p. 19).

**Third, does more education increase productivity?** Human capital theory assumes that better educated workers are more productive because they are easier to train, they are more able to adapt and use new technologies, and they develop cognitive knowledges that are useful in making decisions that increase the efficient use of a firm’s resources and productive output. The two relationships discussed above flow from this assumed relationship: because more education is assumed to increase productivity, and earnings are assumed to be valid measures of productivity, then more education should increase earnings. However, the education/productivity relationship raises particular questions about the function of education in society: does it primarily prepare workers to be more productive, or does it do something else? A number of theories from both economist and non-economists challenge the education/productivity assumption and pose serious theoretical
challenges to human capital theory. Blaug (1985/1992b), a former proponent of human capital theory, has argued that a combination of institutional and radical political economy theories (i.e., screening, credentialing, statistical discrimination, segmented labor markets, and social and cultural reproduction) offer better explanations of the relationship between education and income. On the whole, these theories suggest that education serves many conflicting functions and that it better serves the interests of the more economically and politically powerful over those of more marginalized groups and will be discussed later in this chapter.

**Are Increased Investments in Education at the National Level Related to Increases in Economic Growth?**

Human capital theory was proposed by neoclassical economists to account for unexplained increases in economic growth in industrialized countries (Becker, 1964/1993; Mincer, 1981; Schultz, 1963, 1971). They proposed that an educated workforce that possessed the technical knowledges needed in industrialized economies complemented and enhanced the effect of increases in physical capital on GNP. Mincer (1981) stated: “Human capital activities involve . . . the production of new knowledge which is the source of innovation and of technical change which propels all factors of production [and] generates worldwide economic growth . . .” (page i of abstract). Thus, human capital theorists believed that increased investments in education caused measurable increases in aggregate productivity and economic growth at the national level. However, since its inception, critics have challenged the notion that there is a precise causal relationship between education and economic growth. Early studies by Denison (1962) and others attempted to measure the effect of increased investments in education on economic growth, but regression models using available aggregate data produced widely varying results that were insufficient to prove a causal relationship or its direction (Blaug, 1970). Even when comparisons were made between countries with the same average education levels, differences in quality of education and economic structures combined with the unique historical, social, and political conditions in each country produced great variations in economic growth rates (Fagerlind and Saha, 1989).
As discussed above, the education/economic growth relationship was based on several questionable assumptions: increased educational investments cause earnings to rise in a predictable way, more education yields measurable increases in productivity and economic growth, and increased earnings are valid indicators of increases in productivity. Even Mincer (1981) acknowledged the difficulty of estimating a causal effect of education on earnings:

Average levels of education are more strongly correlated with average income levels across countries than measures of physical capital per unit of labor …[but] this is not conclusive since the demand for education as a consumer good is income elastic. In this sense, education is an effect rather than a cause of income” (p. 14).

In addition, critics and some former human capital proponents now view the relationship between education, productivity, and economic growth as far less certain than early human capital theorists originally proposed (Blaug, 1985/1992b; Carnoy, 1992). Blaug (1985/1992b) has argued that the validity of this relationship is improbable given the plausibility of alternative theories that emphasize the socialization functions of education:

The moment we argue that the chief contribution of education to economic growth is to complement the socialization function of families in instilling values and attitudes requisite to adequate job functioning in a industrial society, we necessarily jettison the concepts of any precise quantitative relationship between the growth of the economy and the growth of the educational system” (p. 214).

Also, current trends in the U.S. economy further suggest that earnings are not related to productivity under real world conditions. In 2006, The New York Times reported:

The median hourly wage for American workers has declined 2 percent since 2003, after factoring in inflation. The drop has been especially notable, economists say, because productivity . . . has risen steadily over the same period. ….Wages and salaries now make up the lowest share of the nation’s gross domestic product since the government began recording the data in 1947, while corporate profits have climbed to their highest share since the 1960’s (Greenhouse, S. & Leonhardt, D., 2006, Aug. 28, para. 3-4).

Given the all the above, it is evident that human capital theory assumptions about relationships between education, earnings, productivity, and economic growth are, at best,
highly questionable, and at worst, quite untenable. We can not be sure that education increases productive skills, or by how much, or that more of it will increase earnings. Additionally, because earnings are poor measures of productivity, earnings increases cannot be used to suggest links between increases in educational attainment, productivity, and economic growth.

**Do Increased Levels of Education at the National Level Lead to a More Equal Income Distribution?**

Many critics have argued that the basic assumptions of human capital theory lack validity. Without these assumptions “the concept of human capital loses its economic meaning . . . . It [cannot] be viewed in the same light as physical capital. In a fundamental sense the problems of determining individual incomes cease to be economic and become sociological or institutional” (Thurow, 1970, p. 19). This point is, perhaps best illustrated in the following discussion of how the market-based economic approach advocated in human capital theory has failed to solve the problem of income inequality.

Human capital theorists had assumed that educational expansion and increased attainment, particularly at the lower levels, would raise the average level of schooling from the bottom of the distribution. In theory, economically rational decision-makers would increase investments in education and this, in turn, would reduce income disparities between individuals within industrialized countries and help close the income gap between rich and poor countries (Kuznets, 1955; Mincer, 1958). Human capital theorists believed that poorer countries could achieve growth rates comparable to those of the industrialized countries if they developed an educated labor force able to adopt and use modern (i.e., Western) technologies more efficiently. However, even with unprecedented GNP growth during the 1950s and 1960s, post-WWII global expansion of education at the primary and secondary levels did little to reduce income inequalities between rich and poor countries, or within most countries, including the U.S. While the Asian NICs experienced high rates of economic growth with more equal income distributions during the 1970s and 1980s, this was mainly due to state polices that expanded high-quality education and provided private sector incentives to encourage equal wages and support national education goals (Birdsall and Sabot, 1993; Carnoy 1995a).
Given these experiences, some human capital critics argued that educational expansion and increased attainment could not reduce income inequality:

Gone… is the facile notion of the earlier generation that more education would steadily erode the income advantages of the highly educated, so that educational expansion would inevitably entail greater equality. The effect of education on income distribution is now understood to rest as much on the distribution as on the level of schooling in the population and, depending on how education is financed, it is now appreciated that more schooling can actually increase observed inequalities in income (Blaug, 1985/1992a, p. 212).

Access to financial resources is indeed a crucial factor that limits access to educational opportunities and contributes to income inequality. Human capital theory assumes that individuals (and governments) have access to the financial resources they need to allow them to choose the most efficient educational investments. However, imperfect capital markets affect the distribution of human capital by restricting access to many alternatives to only those who can afford it. For example, Fagerlind (1975) found that amount of education was not “insignificant” in predicting earnings, but “the quality of education [has] both strong direct and indirect effects on earnings” (p. 78), and that individuals with more resources and from advantaged backgrounds benefited the most from their educational investments. Because those with more resources and advantages are more able to find and afford high quality educational opportunities, education alone cannot equalize opportunities between those from advantaged versus disadvantaged backgrounds (Fagerlind, 1975).

Access to post-secondary level education, in particular, has become more difficult for lower-income individuals because students must cover an increasing portion of the costs as governmental funding dwindles. An annual study by the National Center for Public Policy and Higher Education (NCPPHE) found “tuition and fees represent the fastest growing component of the cost of college to students and families. For public colleges and universities, tuition is also the cost most susceptible to public policy” (National Center for Public Policy and Higher Education, 2006, p. 20). Students and their families rely on current incomes and borrowed funds to pay for higher education, but the poor have less
current income to invest and will invest less than the rich unless they can borrow. However, borrowing increases the cost of their investments and may reduce the incentives to invest in education. Because the poor start with less financial and human capital, and have less access to information about occupations and labor markets, they assume more risk and uncertainty; they will either forgo educational investments or limit their investments to those with higher rates of return that exceed their costs (Thurow, 1970):

The result is less human investment by those with low incomes, and thus a vicious circle of poverty. . . . They are poor because they have little human capital … and face a severe budget constraint in acquiring human capital. . . . The poor invest less in their human capital; the rich invest more. The distribution of human capital becomes progressively more dispersed. The least investment is done by the very groups that must invest the most if the income distribution is to be narrowed. Consequently, even rational private decisions can lead to a distribution of human capital that becomes less and less equal over time” (Thurow, 1970, p. 79-80).

Recent Trends in Educational Attainment and Income Inequality

Over three decades later, both Blaug’s and Thurow’s comments regarding the relationship between education and income inequality are supported by empirical data indicating the U.S. ranks near the top in the world in both educational attainment and income inequality. Since 1973, the average education level in the U.S. increased, with high school and college completion rates rising by 25% and 15%, respectively (Wolff, 2006, p. 12). Furthermore, a college degree is required to obtain the best paying jobs in U.S. labor markets. From 1975 to 2003, real earnings for male college graduates with bachelor’s degrees and graduate degrees increased by 22% and 31%, respectively, while male high school graduates real earnings increased by 4%, and earnings for males without high school degrees fell by 12% (Wolff, 2006, p. 14). Yet, it is becoming increasingly difficult for lower-income individuals to complete a college degree. In 2003, the United States ranked second, behind Canada, among 30 OCED member nations in the educational attainment of older adults (ages 35 to 64), but had slipped to seventh in the educational attainment of younger adults (ages 25 to 34) (National Center for Public Policy and Higher Education, 2006, p. 7). Additionally, the U.S. ranked fifth out of 27 OCED nations in college
participation for currently enrolled students (ages 18-24), but fell to 16th in the proportion of students who actually finished college degrees or certificate programs (National Center for Public Policy and Higher Education, 2006, p. 8, fig. 2). The National Center for Public Policy and Higher Education found that the increased costs of higher education have widened the education gap between those who can afford to complete post-secondary education and those who cannot:

Even after all financial aid is taken into account, students and their families must devote an increasing share of their income and borrow more to pay for a year of college education at almost all public and private two and four-year campuses. Only the wealthiest of American families are exempted from declining college affordability. . . . It is no coincidence that during these years of declining affordability, U.S. college access rates have flattened, and the gap in rates of college attendance between low-income and other Americans has persisted. Family income remains the best predictor of who will go to college and what college they will attend (National Center for Public Policy and Higher Education, 2006, p. 19).

Moreover, the distribution of the benefits of economic growth is growing more unequal. In the U.S., both wealth and income inequality have risen since the mid-1970s, with wealth inequality nearly doubling since then (Multinational Monitor, 2003). In the year 2000, the U.S. ranked second, behind Japan, in average wealth at $144,000 per capita. However, in wealth inequality, the U.S. ranked second, behind Switzerland, (among 20 countries for which data was available) on two common measures, the Gini coefficient and percentage of wealth held by the richest households. The U.S. had a Gini coefficient\(^4\) of .80 on a scale of zero to one (Multinational Monitor, 2003), which is considered extremely high, and 69.8% of U.S. wealth was held by the top 10% of households (World Institute for Development Economics Research of the United Nations University, 2006). In addition, former U.S. Federal Reserve Chairman Alan Greenspan had warned that an increasing trend in income inequality in the U.S. was “a really serious problem” (Greenspan, 2005 cited in Aron-Dine & Shapiro, 2006, p. 3), and that such high levels of inequality threatened

\(^4\)The Gini coefficient, a standard statistical measure of distribution, is commonly used to measure the distribution of income. It measure of zero indicates perfect equality while a measure of one indicates perfect inequality.
“democratic society” (Greenspan cited in Krugman, 2006, para. 13). Average incomes for all wage earners have remained relatively flat since the 1970s (Piketty and Saez, 2004, Appendix Fig. 11) with average earnings rising “by less than 1 percent per year” (2006 Economic Report of the President, cited in Krugman, 2006, para. 2) from 1975 to 2004. However, this average is “pulled up by gains at the top of the income spectrum… [among] households in the top decile” (Aron-Dine & Shapiro, 2006, p. 1).

Studies of long-term data on U.S. income inequality confirm this trend. An analysis of aggregated IRS data for the years 1913-2004 showed that the 29.3% share of total U.S. pre-tax income was captured by the top 1% of households in 2004 (Piketty and Saez cited in Aron-Dine & Shapiro, 2006, p. 2). This was “greater than the share [that the top 1% of households] received in any prior year since 1929, except 1999 and 2000” and represented 53% of the total income growth in 2004 (Aron-Dine & Shapiro, 2006, p. 2). In an earlier report, Piketty and Saez (2004) stated that “the rise in top income shares and the dramatic shift of income composition at the top… are mainly driven by the surge in top wages during the last three decades” (p. 22). Corporate CEOs have been the primary recipients of these top wages which rose substantially due to salary bonuses from exercised stock options. In addition, several recent studies suggest that most college graduates are not among these top wage earners given that “real earnings of college graduates actually fell more than 5 percent between 2000 and 2004” (Krugman, 2006).

Despite all the evidence to the contrary, the consensus in Washington remains that more human capital cures income inequality (Krugman, 2006; Wolff, 2006). However, in a recent study using time-series analysis, Wolff (2006) found that educational attainment and worker skills have increased dramatically since the 1970s but found no evidence of a statistically significant relationship to earnings or productivity growth, nor did he find a relationship between increased equality in schooling and a decline in income inequality (Wolff, 2006). However, popular neoliberal explanations for rising income inequality are alive and well. Political conservatives have always favored human capital theory because of its focus on individual differences in productivity as the explanation of income inequality.

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These top wages are estimated to be over $400,000 per year in the top 1% of wage earners and over $1,600,000 in the top tenth of 1% for the year 2006 (Tax Policy Center figures cited in Krugman, 2006).
and have used it to rationalize economic inequalities and oppose progressive tax policies (i.e., let the more productive keep more of their incomes) (Thurow, 1970). For example, in a 2006 speech to a Congressional panel, Federal Reserve Chairman Ben Bernanke stated “the most important factor [in rising income inequality] is the rising skill premium, the increased return to education” (cited in Krugman, 2006, par. 2). Likewise, David Brooks (2006), a prominent neoliberal op-ed columnist wrote:

Higher education pays-off because it provides technical knowledge and because it screens out people who are not organized, self-motivated and socially adept. But even among people with identical education levels, inequality is widening as the economy favors certain abilities. . . . Government policy is not driving inequality and wage stagnation ….what’s needed is ….a second generation of human capital policies, designed for people as they actually are, to help them get the intangible skills the economy rewards” (p. 2, para. 12 & 13).

Indeed, those who favor a “new” human capital agenda would like all to believe that the global economy gives preferential treatment in the labor market to a particularly elite group of college graduates because they are cognitively superior to others. MIT economist David Autor’s echoed this belief:

There continues to be rising demand for people who have very strong cognitive, managerial, and communications skills, [but] the vast middle, whether they are college educated or not, are not in that upper category of cognitive elite. The elite are college educated, but not all the college educated are those people (cited in Uchitelle, 2005, para. 13 & 14).

However, Princeton University economist Paul Krugman (2006) offers a contradictory and disturbing explanation for why so many “smart and well informed” people continue to promote the idea that the right kinds of skills obtained through more education will solve the income inequality problem:

The fallacy…tends to dominate polite discussion about income trends, not because it’s true, but because it’s comforting. The notion that it’s all about returns to education suggests that nobody is to blame for rising inequality, that it’s just a case of supply and demand at work. And it also suggests that the way to mitigate
inequality is to improve our educational system—and better education is a value to which just about every politician in American pays at least lip service. The idea that we have a rising oligarchy is much more disturbing. It suggests that the growth of inequality may have as much to do with power relations as it does with market forces (para. 10 & 11).

A discussion of the job skills debate and how it is related to the human capital approach used in federal job skills training programs for displaced workers is discussed in Chapter 4.

THEORETICAL CHALLENGES TO HUMAN CAPITAL THEORY

In the following sections, I discuss several alternative theories that present challenges to the neoclassical model of human capital theory. These theories differ in how they explain the role of education, its relationship to employment, and inequalities in incomes and employment outcomes. First, I discuss competing views held by neoclassical, institutional and political economists regarding the nature and structure of labor markets. Then I discuss the relationship between education and employment as explained in critical theories of education (reproduction and resistance theories) and in credentialing and screening theories.

Theories of Labor Markets

The Neoclassical View: A Single Competitive Labor Market

Under orthodox neoclassical theory, there is one perfectly competitive labor market operating under universal rules of economic behavior and all workers are competing in that market. The market determines a price for similar marginal units of productive capacity based on the laws of supply and demand. When this competitive market is allowed to operate without interference, equilibrium wages are reached for like types of labor inputs, and full employment is attained. Thus, economic laws in a single, competitive labor market structure wages based on productivity and both employers and workers have equal ability to maximize their decisions so that efficient prices are attained.
Carnoy (1977) explained that orthodox neoclassical economists attribute unemployment to labor market price (wage) distortions and individuals’ misinvestments in human capital. Distortions are the result of government policies or monopoly producers set inefficient (non-market) wages. The solution is to remove all distortions by letting the labor market freely set an equilibrium wage. However, when market distortions are present, some individuals will not be employed because their marginal product is less than the non-market wage. Other individuals are unemployed because they made misinvestments in education or because changes in technology have made their skills obsolete. For these workers, the solution is to raise their employment probabilities through additional investments in human capital (i.e., new kinds of education and training). In addition, unemployment of those who are over-educated increases as their numbers increase relative to the limited number of high-wage jobs available (at “distorted” wages). However, in a single competitive market, demand for higher education should then decrease and their numbers should decline. Eventually, the single labor market will then absorb them at lower wages.

Under neoclassical theory, job creation results from having a more highly educated labor force; their human capital investments increase productivity and result in economic growth that creates more jobs for all. However, Carnoy (1977) notes that this supply-side approach is unlikely to generate sufficient job creation because it is quite difficult to match human capital investments to jobs in the long-run which requires the creation of the right number and kinds of jobs in the right locations at the right time. This is particularly true if more than one labor market exists, these markets are not truly competitively, and workers are relatively immobile; thus the unemployment problem is not addressed by human capital theory. He also argues that the idea that wage “distortions” (minimum wage laws, tariffs, union bargaining, exchange rates, public wages) are the major problem completely ignores underlying structural barriers that cause employment inequalities. Thus, it is necessary to consider other labor market theories which consider structural barriers.

**Institutionalists’ Theories of Dual Labor Markets (Technological Dualism)**

Doeringer and Piore (1971), two institutional labor economists, proposed that dual labor markets, primary and secondary, exist and each had distinct types of jobs. These sectors are distinguished by the kinds of technologies used in jobs; workers are allocated to
sectors based on their perceived cognitive skills and trainability as indicated by their ascribed characteristics (class, gender, race, age, ethnicity, family background, etc.) rather than their productive capacities. In addition they proposed the following: 1) a shortage of good and meaningful jobs existed even in conditions of labor undersupply; 2) jobs were allocated in an inequitable way based on rules and norms dictated by social institutions rather than in competitive markets; and 3) workers were unable to move freely between primary and secondary segments.

Jobs in primary sectors are characterized by stable employment, relatively high wages, good working conditions, fringe benefits, and use of advanced technologies and high levels of autonomy in decision-making. In addition, these better jobs tend to be in mature and capital intensive industries which create internal labor markets with career ladders. In the internal markets, bureaucratic rules rather than economic laws determine job allocation and wages. Jobs in this sector are in professional, managerial, and white-collar occupations and white males with college degrees hold these jobs in disproportionate numbers (Doeringer and Piore, 1971).

In secondary sectors, jobs are less secure, pay relatively low wages, have less safe conditions, and offer fewer or no benefits and no career ladders. Secondary sector jobs use low-level technologies in labor-intensive industries and jobs are in the blue-collar or low-wage service sectors. These jobs were disproportionately held by women, minorities, youth, and the elderly and disabled and men with a high school education or less (Doeringer and Piore, 1971).

**Political Economists’ Theories of Labor Markets**

Political economists argue that the conditions of work are not determined in a single perfectly competitive labor market that is self-regulating and the structure of wages is determined by factors that are unrelated to one’s productivity. Instead, multiple labor markets exist. They are shaped through conflicts between capital and labor in specific contexts that are variable across time and space (Reich, Gordon, and Edwards, 1973). Labor markets are also shaped by institutions that influence different groups’ opportunities to advance their interests; these institutions include government, family, and formal education.
institutions. Therefore, multiple labor markets have evolved with specific rules, requirements, distinct kinds of jobs, and structures.

The role of unequal power between societal groups in shaping employment opportunities and outcomes is common among political economy theories of labor markets and critical theories of education. These theories hold that the capital owners and laborers have conflicting interests and are operating from unequal positions of power. In their view, the owners of capital act to minimize labor costs through their control over the means of production and labor so that they can maximize profit (surplus capital). It is only through collective action (e.g., organized labor) that relatively powerless wage laborers can change the conditions of their employment (i.e., wages, job security, hiring, and firing practices) (Marx, 1887/1999). Thus, the owners of capital have more power to determine demand for labor as well as the nature and kind of jobs created, wages paid, and the structure of labor markets. This is contrary to human capital theory’s view that productivity determines wages and creates job growth.

**Labor Allocation Processes**

Under the political economy theory of labor markets, workers are allocated into different labor markets by multiple factors and processes that include the following: discriminatory practices (e.g., classism, sexism, racism, etc.), cultural practices (e.g., norms, customs, socialization, etc.), labor control mechanisms (e.g., hiring and firing practices, fragmented production systems, union busting, etc.), status maintenance systems (occupational requirements, credentialing, job hierarchies, etc.), and bureaucratic rules within internal labor markets (Carnoy, 1977; Peck, 1996).

These processes disproportionately allocate members of marginal groups in society into secondary labor market jobs. Among the reasons marginalized groups are unevenly allocated to secondary labor markets are the following: 1) They are constructed as having alternative roles that limit their participation in the labor force, i.e., “weak labor-force attachment” (e.g. women workers); 2) they are victims of systemic discrimination (gender, race, age, etc); 3) they are unable to develop organized resistance ; and 4) they are stigmatized because of their subordinate statuses and lose hope or lower their expectations, thereby reinforcing their devalued positions (Peck, 1996). Thus, their disadvantaged statuses
are more related to their ascribed than achieved characteristics (education, training, skill) and they are more easily exploited because their statuses. The persistence of this pattern of unequal allocation contradicts orthodox theories that employment inequalities are due to differences in acquired human capital (Thurow, 1975).

In addition, secondary segment workers statuses also become part of their worker identities and thus they are complicit in reproducing themselves as secondary workers (e.g., blue-collar, working class) (Willis, 1977). Thus, labor supply and demand factors shape each other, particularly in secondary labor markets:

Although work in the secondary sector typically requires skill and discretion and the secondary work force may exhibit stability and loyalty to an employer, it is by virtue of the very presence of low-status groups in such jobs that their skill and social status become devalued. Consequently, the subordinate position of stigmatized workers is both perpetuated and legitimated… Labor segmentation does not result only from organization of the labor process and related demand-side factors; it is also conditioned by the social actions of those who find their way into different kinds of jobs” (Peck, 1996, p.72).

**Control Processes and Segmentation**

Early versions of these theories focused on how segmentation occurred as a capitalist control strategy to limit class, race, and gender solidarity (Reich, Gordon, & Edwards, 1973). Segmentation was seen as a social control tool used by the owners of capital to divide groups of workers who were alienated from the labor process in fragmented and routinized production systems (Braverman, 1975). Segmentation into different jobs within and between labor markets is viewed as a means to “divide and conquer” different subordinate groups such as working-class men and women and racial minorities. For example, some have theorized that a subordinate primary sector exists for routine jobs in the primary sector, such as pink collar jobs held by women (Gittleman & Howell, 1995). Unemployment was explained as due to labor saving technologies used by capital or as a control mechanism that allows owners of capital to structure jobs as more flexible (particularly in secondary segments) which conditions workers to expect job insecurity.

**State Policies and Segmentation**
Later theories of segmentation (originating in the 1970s to the present) generally agree on the following: 1) Demand-side factors play a greater role in determining job structures and creation; 2) Labor markets are shaped by institutional and social forces, including economic forces; and 3) Segmentation occurs within and between firms and societies and is a source of employment inequalities (Peck, 1996). In addition to technological and social control mechanisms, these contemporary theories have identified other segmentation processes including state interventions through regulation, the interaction of global and local processes, and social reproduction processes. As discussed earlier in this chapter, neoliberal state policies have played a particular role in maintaining and further fragmenting labor markets in an era of global production. State labor market policies have focused on market failures such as structural unemployment or skill shortages and have used workforce training programs to address these problems. In these programs, narrow occupational training may contribute to the reproduction of segmented domestic labor markets. State policies have also created conditions for global restructuring of production that further fragments labor markets. Trade liberalization policies supported by neoliberal states have resulted in deregulation and open markets in developing countries to ensure that corporations have a flexible supply of labor. This has contributed to deindustrialization in advanced economies and the reshaping of local labor markets.

**Local Processes and Segmentation**

Thus, local institutions, histories, and cultures interact with global processes to structure labor markets. Peck (1996) argues for new theories that consider the role of the local in shaping labor markets and stresses that their variability means that a universal theory of labor markets is not possible. He believes a geographic perspective helps explain local differences and uneven development in labor markets.

Local labor markets are both a space and place and both are sites of social conflict. Space is a location in which capital pursues profits and is often a temporary site for investment (Beynon & Hudson, 1993). Capital investments patterns become associated with places because of their locally-specific profit-producing conditions (e.g., an oversupply of

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46 These include economic, cultural, and state reproduction and are discussed after this section.
low-cost labor) (Massey, 1984). The structures of local economies “can be understood in terms of the succession of roles they have played in different rounds of [capital] accumulation” (Massey, 1984 cited in Peck, p. 13). In the transnational restructuring of labor, capital is relocated and new divisions of labor occur so that “different localities [are] associated with different stages of the production process” rather than with product or sectoral specializations as in the past (Clark, Gertler, & Whiteman, 1986, p. 23). Thus, when labor markets are segmented, “capital [may]…consider only the character of the particular segment of the local labor force which it seeks to employ” (Warde, 1985, p. 204).

Place is a location where people live, work, form attachments, and become socialized as humans (Beynon & Hudson, 1993). Both employers and workers rely on their respective and highly local networks to fill and get jobs and this contributes to “mismatched” supply and demand. Because labor is still relatively immobile attachments to place are both an outcome and source of immobility. The local level is also where the social reproduction of labor occurs. Occupational socialization occurs within the family and the education system or through factors stemming from the domestic division of labor (Bourdieu & Passeron, 1977; Willis, 1977). This occupational structuring reflects not only local labor market opportunities but also labor market expectations of different social groups.

Local labor markets are important because this is “the scale at which labor is mobilized and reproduced…[and where] considerable variability is evident in forms of labor market governance, acculturated labor practices, and labor qualities” (Peck, 1996, p. 11). Because of the relative immobility of labor, local labor markets (and processes) are also shaped by local civil society over time. “Once established, these outlive individual participants…[and are] sustained by generations of workers. The result is a fabric of distinctive, lasting local communities and cultures woven into the landscape of labor” (Storper & Walker, 1989, p. 157).

Thus, local labor markets are shaped by dynamic processes over time, and yet they may, in some aspects, be quite difficult to change by any single mechanism. Although education is thought to be such a mechanism, it may not be able to transform communities and individuals as it is implemented by human capital theorists and its potential or lack thereof is addressed by critical theories of education.
Reproduction Theories of Education

Reproduction theories of education are concerned with how education that occurs via schooling in formal institutions (that are under direct or indirect control of the state) contributes to occupational stratification and social inequalities in a given society (Morrow & Torres, 1995). These theories critique the technical-functionalist view of education, i.e., that the primary role of education is to serve the needs of a dynamic economy and prepare workers with the required skills to ensure efficient production to meet those needs, and that individual success (e.g., status and earnings) and social mobility are functions of one’s productivity and possession of valued skills. Instead, reproduction theorists believe that schooling produces and reproduces unequal educational and labor market outcomes for individuals in society because of power differences that are linked to membership in particular ascribed status groups (class, gender, race, ethnicity, etc.) and the possession or lack of sanctioned technical and cultural knowledges. In addition, they argue that schools serve the needs of the state by legitimating inequalities (and thus preserving the social order) and promoting the interests of dominant groups.

Economic Reproduction Theories

Economic reproduction theories are concerned with how schooling reproduces the hierarchical class structure of capitalist societies. These theories are based on the structural Marxist concept of class power, i.e., that the interests of the dominant capitalist class in the economic sphere are promoted and maintained via processes in other structures of society (e.g., the state, family, and cultural institutions) (Marx, 1887/1999). Althusser (1971) argued that schools are the major cultural institution through which the ideologies that maintain the dominance of the capital class are reproduced. Bowles and Gintis (1976) proposed that this was possible because the hierarchical social relations in schools correspond with those in the workplace. In their view, students learn status-specific skills that prepare them for class-appropriate jobs in segmented labor markets, and are thus socialized to accept their positions in a stratified social hierarchy. This shaping of both the conscious and unconscious identities of students is accomplished via the formal (explicit)
and *hidden* (implicit) curriculum, daily rituals and routines, and the organization of social relations (of domination and subordination) and physical space.\footnote{Althusser (1971) and Bowles and Gintis (1975) are largely in agreement on all of the above points.}

The correspondence between schools and workplaces occurs on multiple dimensions. For example, different behaviors, skills, and knowledges are taught or valued at different levels and to different groups. Conformity, restrictions on activities, and received learning and supervision are the norm both at lower grade levels of schools and in lower level jobs. Independence, autonomy, and self-guided learning and supervision are encouraged as students and workers move into higher education (particularly at elite, four-year colleges) and into higher status jobs (especially in elite professions) (Bowles & Gintis, 1976).

Working-class, low-income, or minority students who do not fit the profile of the upwardly mobile middle- and elite-class students are often tracked into vocational programs and lower-status jobs after high school (if they finish) (Carnoy & Levin, 1985; Oaks, 1988). Their acceptance of this fate is due in part to expectations that they have internalized from others (e.g., teachers, parents, employers) or from their rejection of school-sanctioned knowledges (Bowles & Gintis, 1976; Willis, 1977). This stratification process also occurs in higher education institutions:

- Each class (with sub-variations based on religion and level of urban-ness) has its own economic consciousness, based on its own work experiences and its own ideas (correct or not) of the expectations appropriate to positions on the economic ladder above their own . . . Colleges compete over the various social class markets by specializing their offerings [to fit] the expectations of a particular social class group of customers and to the specific needs for sets of “soft” and “hard” skills at particular layers of the industrial system (Binstock cited in Bowles & Gintis, 1976, p. 134).

In summary, economic reproduction theorists argue that social structures and processes in schooling correspond to those in the work organizations in capitalist societies. Education thus facilitates the allocation of students from different status groups into higher or lower status jobs, thereby reproducing class statuses in labor markets.

### Cultural Reproduction Theories
Cultural reproduction theories are based on the work of European sociologists Bernstein (1975) and Bourdieu and Passeron (1977) who proposed that cultural transmission reproduces the advantages and domination of some groups in society over others. From their perspective, schools reproduce power relations in society by transmitting and legitimating the culture (knowledges, languages, styles, values, beliefs, etc.) of dominant groups in society. Initially, these theories were concerned with the reproduction of middle and upper class cultures. However, others have extended these theories to include how domination and subordination occurs based on multiple identities (e.g., class, gender, race, ethnicity, religion, age, etc.) and how these intersect with each other and societal structures to form more complex relationships of domination and subordination (Anyon, 1980; Apple, 1979; Apple and Weis, 1983; Giroux, 1981).

A central tenet of these theories is that those groups who have power in society promote their knowledges (via schooling) as having value while devaluing (and omitting) other knowledges. Because they are politically powerful they are able to exert more influence over whose knowledges are included in the school curriculum, and ultimately whose knowledges are valued in the workplace (Apple, 1979 & 1993). Those who possess school-sanctioned knowledges are considered educated and are conferred higher status than those who do not. For example, in public schools in the U.S., professional technical knowledges are valued over traditional folk knowledges; white, middle-, and upper-class knowledges are valued over minority, working-class knowledges; male-dominated knowledges (e.g. hard sciences) are valued over female-dominated knowledges; Anglo-European renditions of history are valued over indigenous peoples’ accounts; and Christian belief systems are valued over other religious belief systems.

Bourdieu and Passeron (1977) argued that because schools appear to be neutral institutions, they are able to legitimate the transmission of knowledges and competencies that reproduce the advantages of some groups over others. Bourdieu used the term “cultural capital” to describe sets of knowledges and competencies that are valued in schools and that are specific to a dominant group in society, such as the professional and elite classes. These higher status competencies include particular speaking styles and usage of language (Bernstein, 1975), social behaviors, ways of thinking about and relating to the world, and
cultural tastes (all of which influence one’s identity) that come from families, communities, and cultures in which upper and middle class children are raised (Bourdieu & Passeron, 1977). Working-class and minority children are disadvantaged in the school environment because they do not possess higher status forms of cultural capital and find that their own competencies, life experiences, and ways of relating to the world are devalued and suppressed. Aronowitz and Giroux (1993) have noted:

Working-class knowledge and culture is seen not as different and equal, but as different and inferior…. High-status knowledge often corresponds to bodies of knowledge that provide a stepping stone to professional careers via higher education….and functions to confirm and legitimate [the upper classes’] privileged positions in schools (p. 77).

Of course, cultural reproduction in schooling is not limited to a single dimension of one’s identity such as class. Weiler (1988) has addressed the complexities that must be considered in analyzing how schooling reproduces gender:

Girls and women with different race and class subjectivities will have different experiences in schools…. [They ] will be met with varying expectations on the part of white and black male and female teachers, depending on these teachers’ own views of what is gender appropriate.

The larger point is that while schools play a role in fostering the reproduction of (and resistance to) cultural norms and expectations, these reproduction processes occur across a number of dimensions simultaneously. The specifics of how cultural reproduction occurs will vary depending on an individual’s lived experiences, the complexities of his or her identity, and the influence of societal structures and institutions that are defined by the historical and geographical contexts in which one lives.

**State Reproduction Theories**

State reproduction theorists draw on the work of Gramsci, who wrote of the state’s role in protecting capital’s interests via education (which is a site of struggle for power). In order to execute control, the state may use coercion, or it may subtly gain the consent of its citizenry by perpetuating dominant ideologies via civil society (e.g., the family, religious organizations, educational institutions, mass media, etc.). McLaren (1989) describes
Gramsci’s concept of “hegemony” as a process of gaining “the consent of the dominated” by shaping the culture and lived experiences of those who are subordinated in such a way that they do not question their situation because they see it as natural or due to their own personal failings (p. 174).

Consent is indeed essential. The state must appear to consider the conflicting interests of competing groups in the realm of education. However, it must ensure that the interests of capital (which controls vital economic resources) are served, and that the consent of those whose interests are subordinated is maintained (Carnoy & Levin, 1985). Aronowitz and Giroux (1993) have aptly described this contradictory role:

The state has the task of meeting the basic needs of capital by providing…the necessary flow of workers, knowledge, skills, and values for the reproduction of labor power…. [and] it attempts to win the consent of the working class for its policies by making an appeal to three types of specific outcomes—economic (social mobility), ideological (democratic rights), and psychological (happiness). (p. 86)

In this role, the state has the potential to craft education policies designed to balance the economic interests of capital and labor. As a partial response to the economic recession of the early 1980s, the U.S. government (under the Reagan administration) directed changes in education policy to favor the interests of capital by reshaping the school curriculum and directing education resources toward meeting the changing needs of the economy. Consent was sought by deeming education reforms as absolutely necessary so that the U.S. could remain prosperous and competitive in the global economy. Since then, the focus has turned to preparing students at all levels of education with the specific skills needed to enter the restructured workforce (Aronowitz & Giroux, 1993; Carnoy & Levin, 1985). The interests of labor were partially appeased with the expansion of higher education opportunities and the renewed promise of social mobility and equality of opportunity to those who had the new skills needed in the knowledge economy. However, as discussed later here\textsuperscript{48}, these

\textsuperscript{48} This refers to the discussion of credentialing, screening, and higher education’s role in occupational stratification.
changes have created new contradictions due to an oversupply of highly educated workers and an unequal system of higher education that fails to deliver this promise to many.

Credentialing Theories

Since the beginning of the twentieth century, the percentage of the population with post-secondary credentials has risen steadily at all levels in the U.S. (Collins, 1971, Livingstone 1998; Wolff, 2006). Rapid industrialization, increased levels of bureaucratization, and the creation of veterans’ post-secondary education benefits (i.e., the G.I. bill) heightened demand for higher education after WWII (Berg, 1970; Collins, 1979; Brown, 2001). In the 1970s, sociologists Ivar Berg (1970), Ronald Dore (1976), and Randall Collins (1979) each published pivotal studies documenting the rising trend in credentialism and influenced alternative neoclassical economists’ theories on screening and signaling (discussed later here). Together, credentialing and screening theories presented new and serious challenges to human capital theorists’ assumptions that advanced industrialized economies required continual increases in national education levels and productivity in order to grow and compete, and that more educated (i.e., more productive) workers were needed to meet an ever-growing demand created by high-skill job growth due to rapid technological change (Clark, 1962; Kerr, Dunlop, Harbison, & Myers, 1960).

Credentialists argue that the possession of post-secondary credentials indicate little about an individual’s productivity. Instead, they believe employers use credentials to screen for the most highly educated applicants in an overqualified labor pool because they assumed that the most educated are the most talented or productive workers, or that higher education credentials are proxies for other desirable attributes (Berg, 1970; Collins, 1971). They also argue that education levels have risen faster than high-skill job creation, and therefore workers are often overeducated, i.e., they possessed credentials that over-qualified them for available jobs in labor markets (Freeman, 1976; Rumberger, 1980; Livingstone, 1998).

Credentials are positional goods because their value depends on their relative scarcity (Hirsch, 1977). For example, when the proportion of the population with a bachelor’s degree rises, that qualification loses some of its job-getting value because it is less scarce. In this case, to move up or hold one’s position in the credential hierarchy, an individual must then invest more time and resources to get scarcer, higher-level credentials.
such as a master’s degree. Qualification escalation occurs when employers or professional organizations raise the credential qualifications needed to get a particular job or enter an occupation without substantially changing the wages or content of the job or occupation (Dore, 1976). This, in turn, triggers “a vicious circle of more learning for fewer jobs” (Livingstone, 1998, p. 6) and has resulted in a potentially endless global competition among workers to attain ever higher levels of education. An over-supply of highly educated workers in any given labor market pushes less educated workers into lower-tier jobs or leaves them unemployed.

In a comparative study of four countries, Dore (1976) concluded that the quest for credentials had spread world-wide, a societal phenomenon he coined the “diploma disease.” He found that governments of rapidly modernizing countries were placing increased emphasis on competitive educational attainment and individual occupational readiness as a means to national development. This abandonment of a liberal education signaled the shift to a competition for qualifications with a narrow emphasis on professional and vocational skill acquisition that remains the norm today (Brint, 2002). This is contrary to the traditional notion that broad learning and life-fulfilling educational experiences are more egalitarian, and ultimately, more useful to individuals over a lifetime (Dewey, 1916). Dore also found that economies that industrialized relatively late are more likely to maintain distinct modern and traditional sectors. This creates structural unemployment when educational attainment outpaces modern-sector job growth and produces disgruntled new credential-holders who are unable to find suitable jobs (Borghans & de Grip, 2000; Collins, 1979; Livingstone, 1998).

In The Credential Society, Collins (1979) proposed that, in an era of unprecedented educational expansion, the privileged classes have protected their occupational advantages in desirable professions by raising education requirements, and whenever possible, restricting access to the education credentials needed for entry. He noted that education serves a marker of one’s ascribed social status and may not necessarily indicate technical expertise. The setting of post-secondary credential requirements for jobs that had once been learned via on-the-job training or in apprentice programs has created pseudo-professions in occupations which were historically more open to lower-income groups (Collins, 1979).
Given this trend, “education requirements . . . [now reflect] the interests of whichever groups have power to set them” (Collins, 1971, p. 1008). As a positioning strategy, credentialing favors those who have the financial resources to engage in a race to the top of the credential pyramid and who possess upper- and middle-class knowledges transmitted through families and cultures that give them advantages in formal academic programs (Bourdieu & Passeron, 1977; Collins, 1979; National Center for Public Policy and Higher Education, 2006). Collins (1979) concluded that educational credentials are barriers to free labor markets that would need to be removed through a radical restructuring of education, work organizations and labor markets in any society that wishes to move toward the elimination of income inequality:

Educational requirements have become a major basis of separating work into distinct positions and career lines, and hence in keeping labor markets fragmented. . . . As direct ethnic and sexual discrimination becomes increasingly illegitimate and subject to legal challenge, educational discrimination becomes increasingly relied upon as a surrogate means of group domination (Collins, 1979, p. 198).

In summary, credentialists believe that educational qualifications have become forms of positional property that are used by more powerful groups to maintain their privileged labor statuses and that ever-increasing credential requirements may restrict access of less powerful, lower-status groups to desirable occupations, which ultimately limits their social mobility and life chances.

**Screening Theories**

In the 1970s, several neoclassical economists challenged human capital theory with screening theories (Arrow, 1973; Spence, 1973; Stiglitz, 1975) which questioned human capital theory’s assumptions of a causal relationship between educational attainment, productivity, and earnings. Instead, they argued employers have imperfect information about job applicants’ productivity and use education credentials as proxies for other desired qualities that may not be related to productivity. More specifically, employers make

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49 Although other social theorists offer equally plausible challenges to human capital theory (and are discussed elsewhere here), neoclassical economists as a whole have tended to be quite insular in considering alternatives from outside their field. For many neoclassical economists, screening theory is considered the only serious challenge to human capital theory (see Blaug, 1992b and Psacharopoulous, 1979).
inferences about potential employees’ knowledges, traits, abilities, social skills, behaviors, networks, and trainability from credentials, and thus screen or sort applicants based upon them. In other words, employers use education credentials to reduce their information-gathering costs and risks of uncertainty about job applicants’ abilities.

Employers also use credentials to determine entry-level wages and sort new employees into career tracks. Job seekers use education credentials as a signaling\(^{50}\) mechanism to indicate they have characteristics which are valued by employers (Spence, 1973). Thus, screening theorists argue that individuals who have higher levels of education credentials get better jobs with higher earnings for reasons other than their productivity. Brown and Sessions (2004) note “the fundamental difference [between human capital theory and screening/signaling models] is that sorting models allow for unobservable attributes to be correlated with schooling” (p. 76).

Many human capital proponents reluctantly acknowledge that screening exists, although they accept only a weak version of screening, i.e., that higher starting wages are paid to more credentialed workers because employers lack information about new employees’ productivity at that time (Psacharopoulos, 1979). They are less willing to admit that “strong” screening exists, i.e., that employers who promote from within (i.e., use internal labor markets) favor employees with more credentials which means those with more education earn more throughout the tenure of their employment at a firm regardless of their productivity. Yet, some human capital proponents have admitted that the screening explanation is important because it recognizes that “education does more than impart [cognitive] knowledge and skills [because it] shapes and develops . . . certain abilities, aptitudes and attitudes” that are valued for particular kinds of jobs (Woodhall, 1995, p. 27).

While education credentials are an expensive means used by job applicants to send information to employers, it seems unlikely that employers have few incentives to stop using them. Education credentials are a relatively cheap screening mechanism because

\(^{50}\) The terms screening and signaling are distinguished by Brown and Sessions (2004) as follows: “Signaling models assumed that employees make the first move, choosing the level of education necessary to signal their inherent productivity to potential employers. Screening models, in contrast, assume that employers make the first move, setting a required level of education that discriminates between particular types of applicants” (p. 96).
education costs are largely borne by job seekers and the public sector. Blaug (1985/1992b) has argued that another reason education credentials are so important in the hiring process is because educational meritocracy is legal and socially accepted, and this encourages screening.

From an economic perspective, screening/signaling theory poses a major threat to human capital theory because it reveals the inefficiencies in private labor markets, i.e., employers lack perfect information and value education for reasons that are unrelated to productivity (Klees, 1991). Education may simply promote those who have pre-existing skills or other characteristics desired by employers rather than increasing their productivity (Taubman & Wales, 1974). If this is the case, then the benefits of education to society in terms of increases in productivity and economic growth are not realized, and this undermines the argument that education is a socially efficient investment (Klees, 1989).

**Higher Education’s Role in Occupational Stratification**

As grantors of education credentials, educational institutions function as initial sorters and third party verifiers of information that employers value and job applicants wish to convey. Stiglitz (1975) has argued that although employers may use other methods, “the screening done by educational institutions provides the primary determinant of one’s initial job opportunities and hence of what screening can occur subsequently” (p. 292). This is because educational institutions engage in processes that identify certain abilities and learning skills, and make other observations about students that are sources of information to employers. Schools engage in various sorting processes including admissions, expulsions, grading, and promotions. In addition, educational ranking systems influence students own self-sorting decisions about continuing their education or dropping out (Stiglitz, 1975).

Educational institutions are also sorted and ranked hierarchically by numerous accrediting organizations using varying performance measures, including its selectivity and the quality of its students (Geiger, 2002). Because those who get credentials from higher-status schools are more sought after by employers, competition is fierce and high status schools can restrict entry by raising selection qualifications (Crenshaw, 1999; Geiger 2000). As educational institutions perform these sorting processes, individuals are allocated into
successively higher or lower ranks well before they enter labor markets. These rankings not only affect the initial entry level of job seekers, but also places workers on specific career paths for advancement that can determine their lifetime employment opportunities (Brint & Karabel, 1989; Grubb & Lazerson, 2004; Rosenbaum & Binder, 1997). Stiglitz (1975), like Collins, has noted that the role of educational institutions in this stratification process raises serious questions about how the higher education process reproduces income inequality:

There is thus the possibility that in imparting more skills to the abler students, we will simultaneously increase the inequality of income. This has made the organization of the educational system, and the method by which the levels of screening and skill acquisition are determined, an intensely political question. (p. 294).

Three decades later, these concerns about the role of higher education in the reproduction of inequalities are still relevant. Although college graduates still have greater lifetime earnings than those who at have only a high school degree, high skill level job growth has not matched the increase in overall education levels and real incomes to college grads have fallen (Livingstone, 1998; Wolff, 2006). Yet the frenzy for post-secondary credentials continues to escalate due to expectations that any post-secondary education improves one’s status and ability to compete for better jobs with higher earnings (Carnevale, 2001).

In a study on educational opportunity, the Century Foundation found that “low-income students are ill-served in America’s higher education system in almost every respect: [they lag behind in] general enrollment rates, general graduation rates, and enrollment and graduation from elite colleges” (Kahlenberg, 2004, p. 11). They are more likely to attend community colleges which serve as gateways to higher level institutions, but less than ten percent of community college students go on to earn a bachelor’s degree. Ivar Berg believes that lower-income students are most adversely affected by their participation in their pursuit of higher education (Weyrich, 2006) because their higher-education participation rates have increased as tuition costs have soared. However, they are the least able to pay off education debts with the jobs that are available to them in highly competitive
labor markets because they attended lower-status schools and are lower in the credential hierarchy.

The growing stratification of the U.S. higher education system and its tendency to further sort and allocate workers into unequal career paths has been called “vocationalism in extremis” by Grubb and Lazerson (2005) who have concluded:

We as a society must confront the huge structure of inequality we have created in postsecondary education. The endless differentiation of postsecondary institutions, with their varied admissions standards and status differentials, leading to substantial homogeneity within most four-year colleges, constitutes the most extensive system of tracking in the entire educational system.

Nearly twenty-five years after he called for de-credentialing, Collins maintains that credential inflation is “the dirty secret of modern education” that is responsible for “growing class inequality” (Collins, 2002, p. 29). He has noted that the problem cannot be solved without mobilizing those at the bottom of the hierarchy, but warns that “mobilization at the bottom alone does not change a system of power; such changes start with breakdown at the top, and struggle among competing elites over how to fix it” (Collins, 2002, p. 44).
CHAPTER 3

METHODOLOGY

Although the selection of a methodology is in some senses a technical matter and, in practice, is often constrained by access to data, a researcher's choice of methodology is also guided by his or her knowledge interests and the purposes of a given study (Cresswell, 1998; Merriam, 1998; Morrow & Torres, 1995; Patton, 1990; Schram, 2003). First, I discuss my multiple knowledge interests, their specific purposes and related strategies of inquiry. Then, I discuss methodological appropriateness and the reasons for selecting a qualitative case study design for this dissertation research study. Finally, I present the plan used for data collection and analysis, and methods used for ensuring the credibility and trustworthiness of my findings.

MULTIPLE KNOWLEDGE INTERESTS AND STRATEGIES OF INQUIRY

In this study, I pursued knowledge interests which are identified by Habermas (1971, as summarized in Morrow & Torres, 1995): empirical-analytical (explanation), historical-hermeneutic (interpretation of meaning), and critical-emancipatory (demystification/social transformation). Below, I discuss these knowledge interests, the purposes of these different human knowledges, and the particular strategies of inquiry that are useful in pursuing them.

Much social science research has followed a historically dominant strategy of inquiry that uses positivist methodologies derived from an objectivist natural science model. This often involves testing pre-specified hypotheses using deductive methods with the purpose of building explanatory models that use causal variables to confirm or disconfirm generalizable theories. While this research strategy is useful in generating certain kinds of empirical-analytical knowledges, a purely positivist and deductive approach is not appropriate for all explanatory purposes or for generating other kinds of human knowledge.

Two other strategies are commonly used by researchers who are pursuing historical-hermeneutic and critical-emancipatory forms of knowledge. A subjective, phenomenological
strategy uses inductive methods to build explanations with the purpose of generating historical-hermeneutic knowledges from people’s lived experiences for understanding meaning and interpreting phenomena in specific contexts. A critical strategy is aimed at building critical-emancipatory knowledges and has multiple purposes: to understand how power differences produce societal inequalities that influence individual and group lived experiences and identity (e.g., class, gender, race, etc.); to build explanations of how social and cultural processes (including knowledge production) reproduce relations of dominance and subordination at the individual and community level; and to raise consciousness among marginalized peoples about unjust conditions in their lives; and to generate knowledges that will empower those who are oppressed to act in confronting, resisting, and changing those conditions (Morrow & Torres, 1995). Thus, a critical research strategy may generate knowledges that are interpretive, explanatory, and emancipatory in nature. Such knowledges may facilitate understanding of how individuals, groups, or communities are disempowered in specific contexts and explain how social phenomena influence them (Morrow & Torres, 1995). Ideally, research that pursues a combination of empirical-analytical, historical-hermeneutic, and critical-emancipatory knowledges can help foster conditions which create human agency to foment change in specific contexts while imagining alternative forms of society that are more just (Kincheloe & McLaren, 2000; Morrow & Torres, 1995).

METHODOLOGICAL APPROPRIATENESS AND RESEARCH PURPOSES

Patton (1990) has argued that the primary criterion for choosing a research strategy should be appropriateness or “situational responsiveness”:

The issue becomes not whether one has uniformly adhered to prescribed canons of either logical-positivism or phenomenology but whether one has made sensible methods decisions given the purpose of the inquiry, the questions being investigated, and the resources available (p. 39).

This research study combined multiple approaches to conduct interpretive, explanatory, and critical forms of inquiry. First, the displaced workers’ education, training, and employment outcomes occurred at the individual level and are unique to each person,
and because my data about these lived experiences were from interviews with each participant I relied on their interpretations of some events that I could not corroborate through other means. In addition, the views of government officials, educators, and displaced workers regarding the impacts of the county’s workforce development efforts and their visions of the county’s post-industrial economic development are, by nature, their interpretations. As the researcher, my own interpretation of the events, processes, and situations are part of making meaning of events, processes, and situations from the data.

Second, an explanatory approach was appropriate for understanding how specific processes and events (both historical and contemporary) are related to the displaced workers’ education and employment outcomes and employment situation of the community. Explanations were based on data collected about kinds of education, training, and employment the displaced workers undertook, and on how their opportunities were related the community’s economic restructuring and its education strategies.

Finally, my analysis of the case study as a whole employed a critical perspective to examine if and how the workers and community may have been affected by societal structures and processes that contributed to education and employment inequalities, the reproduction of workers’ subordinate labor statuses, the county’s economic marginalization, and a sense of powerlessness or dependency.

APPROPRIATENESS OF A QUALITATIVE CASE STUDY DESIGN

A number of social science researchers have argued that a qualitative case study design is appropriate for a research study in which the phenomena of interest are naturally occurring (non-experimental) and bounded temporally and spatially, the units of analysis are finite, multiple data sources are obtainable, and the phenomena are understandable only in larger contexts (Cresswell, 1998; Merriam, 1998; Patton, 1990; Schram, 2003; Yin 2003).

My research study met all of these criteria. The study design was naturalistic (i.e., non-experimental). I had no control over any participants or their experiences, or any education or retraining programs they participated in, or any economic readjustment
strategies employed by the community. In addition, multiple sources and kinds of data were collected as describe below.

The study was focused on a specific site and was bounded in time. The community of Alongways County was my first-level unit of analysis. Its deindustrialization, changing employment situation, and subsequent workforce education efforts for displaced workers were the main phenomena of interest. The county is where all of the displaced TAC workers and almost all others who participated in my study lived and worked. Almost all were born, raised, educated and spent their working lives there. The community shapes and is shaped by their experiences as well as outside events and processes. Therefore, several important aspects of the community were examined including the following: its economic readjustment and workforce education development strategies; how government officials, educators, the displaced workers and other relevant individuals in envisioned, developed, and implemented these strategies and participated in these education and recovery efforts; local and non-local processes and events related to the county’s employment situation over a 70-year period; and changes in the county’s population demographics, economic indicators, infrastructure, sectoral employment, labor force participation, and educational attainment.

The displaced TAC workers were embedded units of analysis within the community study. I collected data on their education and employment outcomes from 1999 (the time of the plant closure) to 2003 (the year they were interviewed for this study) and follow-up data on their employment in 2008, by which time all had finished any education or training associated with a post-employment retraining program. However, historical and biographical data preceded this period were gathered for placing individual and group experiences in context and to understand how multiple factors affected their education and employment outcomes as a whole.

DATA COLLECTION

This site-specific, single case study used several kinds of collected data-- interviews, historical and contemporary documents (including grey literatures, websites, and non-public

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51 The real names of the county and town in this study are not used in order to maintain the anonymity of those who agreed to participate in this study.
documents), archival and personal records, and personal observations. Protocols for data
collection were pre-approved by my dissertation committee and the Florida State University
Human Subjects Committee during the Spring Semester of 2003.

During the months of June-September 2003, I conducted interviews that yielded
crucial data about the displaced workers education and employment experiences and past
actions, processes, and events that I could not directly observe (Merriam, 1998). The depth
and breadth of data gathered from these structured qualitative interviews allowed me to
preserve the unique experiences of each individual, to perform cross-analysis between them
on comparable data, and to present aggregated findings when appropriate. Interview data
was collected from two distinct groups of individuals using purposeful sampling. Group 1
included thirty-five former TAC workers who were displaced by the plant closure. Each of
the workers is an embedded unit of analysis in this case study. Of these, 33 former
production workers were eligible for occupational education and skills training assistance.
Many of the interview questions were focused directly on their education and employment
efforts and experiences, and their interpretation of the outcomes of those efforts; data from
these interviews was used to answer specific research questions 3 and 4. Two other TAC
workers were former members of management and interview questions focused on their role
at TAC, education efforts sponsored by TAC (both pre- and post- plant closure), events
surrounding TAC’s arrival and departure from the county, TAC’s role as a major employer
in the community, and other relevant data for contextualizing the workers’ education and
employment experiences.

Group 2 included thirteen other individuals who were interviewed for the following
reasons: to understand their roles or their respective organizations’ roles in the education,
training, or employment of the displaced workers and their interpretation of the impact of
those efforts; to understand how the county’s employment situation changed over time and
was impacted by its economic readjustment and education strategies; and to obtain other
relevant background and primary source information, documents, and corroborative data
needed to answer the research questions posed in this study.

All persons in both groups were asked questions about their visions of the county’s
economic future and its educational needs for the future. In addition to these interviews,
data from many other historical and contemporary published and non-published documents and from personal observations (from living in and my subsequent visits to Alongways County) corroborated data from participant interviews and provided information that could not be obtained elsewhere.

I also analyzed numerous government documents, grey literatures, and websites of local, state, and federal agencies that were used to describe and analyze workforce training programs for displaced workers (see Chapter 4). I gathered data from the U.S. Bureau of the Census of Population from 1900 to 2009, and the U.S. Bureau of the Censuses of Agriculture and Manufacturing, and County Business Patterns for the periods from 1927 to 2006 and from numerous other records and documents (described later here) to describe and analyze the sectoral employment trends, labor force participation, population demographics, economic indicators, infrastructure, and educational attainment in Alongways County. Together, the data were used to construct descriptive narratives and explanations of what happened, and how, in relation to the following: the employment situation of the county and its workers over three eras (pre-industrial, industrialized, and deindustrializing) (see Chapter 5), the workforce development efforts in the county and their impacts (see Chapter 6), and the education and employment outcomes of the displaced workers (see Chapter 6).

Initial Interest, Site Selection, and Entry

Prior to 2003, I visited Alongways County on two occasions in June and October 1999 (no data were collected) after hearing about the county’s economic problems that were related to the TAC plant closure. I was invited by personal friends (who were part of a team of university researchers who were conducting a study there) to attend a strategic visioning meeting involving Alongways County community members and regional university officials who were discussing the county’s need for a strategic plan for economic recovery after an extended period of deindustrialization and the TAC plant closure. At the visioning meeting, county officials discussed their need for an economic recovery strategy that included a workforce development component to offer post-secondary education in the county. The TAC foundation had given resources to the county and to displaced TAC employees to help with their education and retraining but there was no post-secondary education facility in the county. Part of a small building that became the education center was being remodeled at
that time to add class room spaces. It was located adjacent to the state career and employment center and the closed TAC plant.

After returning to Florida, I began following these events in Alongways County via the Grant City local newspaper and other regional newspaper articles. As I learned more about the county’s situation, I decided to conduct my dissertation research study there because rural economic development, workforce development, and post-secondary education of adults were areas that matched my research interests. This site presented an opportunity to study a real-life situation that could be examined and analyzed using existing theories about the relationship between education, work, and economic development. In addition, I am interested in how post-secondary education of adults influences their employment situations and the economic situation of communities that are suffering from the effects of deindustrialization.

Subsequently, I moved to Alongways County in April of 2003 and rented a small apartment on the main street of Grant City (the county seat and only incorporated town) so that I could become familiar with the town and county. This location in the geographic center of the county gave me easier access to its residents, roads, resources, and facilities I needed to conduct my study. During May of 2003, I spent time meeting the local residents, learning more about the county and its history, driving its curvy and scenic back roads, and making myself and my purpose for being there known to those who could help me locate participants for my study.

**Interview Participants**

**Initial Contacts**

My first interviews were with a career counselor at the local office of the regional workforce development agency (the sub-state grantee for the regional workforce development board) and an economic development official, both of whom were interviewed at their offices in Grant City. I approached them because they had directly assisted the displaced TAC workers after the plant closure. They obtained permission from their clients and others before providing me with names and telephone numbers I used for locating potential participants in my study. Subsequently, I gave each person I interviewed a short

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52 Many were mailed to me by friends and I used internet searches to find other news.
recruitment statement to give to others. I also distributed this statement to others I met in the community, and I placed a short recruitment announcement on the local AM radio station (see Appendix A).

**Description of Interviewees**

**Table 3.1:** Group two stakeholder interviewees.

<table>
<thead>
<tr>
<th>Position</th>
<th>Agency</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Career Counselor</td>
<td>Grant City office of regional workforce training agency</td>
<td>Agency is the sub-state grantee for regional workforce development board</td>
</tr>
<tr>
<td>Economic Development Official</td>
<td>Alongways County Economic Development Center</td>
<td>Also serves as industrial recruiter and grant writer</td>
</tr>
<tr>
<td>Workforce Development Education Facilitator (former)</td>
<td>Regional workforce development board</td>
<td>At time of interview was serving as site coordinator for a regional community college that was offering classes in Alongways County</td>
</tr>
<tr>
<td>County Government Official #1</td>
<td>Alongways County</td>
<td></td>
</tr>
<tr>
<td>County Government Official #2 (former)</td>
<td>Alongways County</td>
<td>Retired from county government</td>
</tr>
<tr>
<td>County Government Official #3 (former)</td>
<td>Alongways County</td>
<td>Retired from county government; also TAC retiree</td>
</tr>
<tr>
<td>Community College Administrator</td>
<td>State Community College</td>
<td>Community College was offering classes at Alongways County’s new education center</td>
</tr>
<tr>
<td>Adult Education Administrator</td>
<td>Alongways County Adult Education Center</td>
<td></td>
</tr>
<tr>
<td>School Administrator</td>
<td>Alongways County School System</td>
<td></td>
</tr>
<tr>
<td>School Administrator</td>
<td>Alongways County High School</td>
<td></td>
</tr>
<tr>
<td>Labor Union Official</td>
<td>UNITE</td>
<td>Worked at regional office in Tennessee</td>
</tr>
<tr>
<td>TAC Retiree Leader</td>
<td>TAC Retirees’ Club</td>
<td>TAC retirees’ club is a social and non-profit charitable officer</td>
</tr>
<tr>
<td>Economic Development Administrative Employee</td>
<td>Alongways County Economic Development Center</td>
<td>Also was a small-business owner</td>
</tr>
</tbody>
</table>

**Selection of Interviewees**

Purposeful sampling (non-probabilistic) was used to deliberately select a variety of interviewees who could provide specific data needed to address my research purposes and
questions (Yin, 2003). I used a mix of purposeful sampling strategies based on a variety of criteria as described below (Patton, 1990).

Snowball (or chain) sampling was used to compile a list of potential participants. My initial contacts helped me locate displaced TAC workers and others who met specific criteria. I compiled a list of about twenty individuals who then gave me more names. I used the expanded list to contact potential participants who were screened and selected based on the criteria discussed below.

Group 1 selection criteria: For Group 1 as a whole, I used maximum variation sampling to select displaced TAC workers who covered a wide range of ages (25-61 years). Intensity sampling was used to select three displaced TAC workers who had continued their education past the two-year period funded through federal programs. Intensity sampling was also used to select two former members of TAC management because of their knowledge about events surrounding the plant closure, TAC’s employee education efforts, and its charitable foundation’s involvement as a major funder of education efforts in Alongways County. Stratified purposeful sampling was used to select four displaced TAC workers who had started and were still running their own businesses. This was a subgroup of interest because TAC had provided displaced employees with $6,000 grants if they submitted a business start-up plan. Typical case sampling was used to select the remainder of the displaced TAC workers who pursued no or some education or training. Of the Group 1 participants, thirty-one were women and four were men. I stopped interviewing displaced workers when a pattern of redundancy had been established (Lincoln and Guba, 1985)

Group 2 selection criteria: These thirteen participants were selected for their unique roles and knowledges, their involvement in the county’s workforce development efforts and recovery strategies, and to corroborate other collected data. I was able to find many of them by following leads from others I interviewed or by calling them at their offices (opportunistic sampling). Eight of these participants were working in professional offices in

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53 The high proportion of women interviewed is to be expected given that almost 90% of the TAC plant production workers were women. However, samples in this study are not statistically representative of the larger population of displaced TAC workers since non-probability sampling was used.
Alongways County, three were retired from jobs in the county or at TAC, and two worked and lived outside the county (although one was a native of the county). The number of interviews in this group was limited in part by time constraints—both mine and theirs. Six of the thirteen were interviewed during the last month of my fieldwork in September 2003.

**Interview Locations**

Each participant chose the location for his or her interview. I arranged to have the use of an empty classroom at the county’s education center to conduct interviews as needed and obtained permission and a key from the state-run career center staff who were working in the same building. I interviewed twenty-two participants at this location and twenty-six others were interviewed at their homes or workplaces. With a few exceptions (four interviews held at workplaces had brief interruptions and background noise), I could not detect that the location of the interviews made a difference in the nature of these encounters.

Group 1: Of these thirty-five participants, twenty-two were interviewed in a classroom at the county education center, five at their homes, and eight at their workplaces (including all four who were running their own businesses).

Group 2: Of these thirteen participants, eight were interviewed at their workplaces in Alongways County, two at their offices outside the county, and three (who were retired) at their homes.

**Human Subjects and Ethics Issues**

I submitted my application for use of human subjects in research to the Florida State University Human Subjects Committee on April 24, 2003 and obtained written approval of all parts on May 16, 2003. I began my fieldwork in June 2003 after this approval was received. My study’s protocol was reapproved annually and the most recent reapproval was on April 16, 2009 (see Appendix B for original application and the 2009 reapproval\(^{54}\)).

As required when interviewing human subjects, I began each interview with study participants by briefly explaining the purpose of my research and ethical considerations to be followed, the structure of the interview session (estimated time and subject matter likely to be discussed), the participant’s right to stop the interview or taping of any parts at any

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\(^{54}\) To keep the location of my research site confidential, my actual address and telephone number at my study site have been removed from Exhibit 2.
time, his or her right to limit the use of information given in the interview, and the measures to be taken to protect confidentiality (see the sample Verbal Script in Appendix B). I then answered any questions asked, gave participants my contact information, and obtained their consent and required signatures (see samples of the Letter of Consent for Adults and Letter for Release of Non-Public Documents in Appendix B).

**Interview Design and Protocols**

Interviews ranged in length from approx. 45-90 minutes for each participant in Group 1 and 60-120 minutes for each participant in Group 2. I prepared a list of questions to be asked for each interview (using a structured or semi-structured interview guide) so that I could make the best use of my interview time and keep the interviews focused on getting the information I needed. However, I allowed the flexibility to discuss unanticipated topics that were relevant to my study. The tone of these interviews was conversational and relaxed. As interviews ended, I often had participants comment that they really enjoyed our conversation.

For Group 1, I used a “standardized open-ended interview” format (Patton, 1990, p. 281) and prepared a structured interview guide with the same 21 questions in the same order for the 29 displaced TAC production workers who were non-business owners (see Appendix D). The sequentially-ordered questions and structured format of these interviews allowed me to quickly locate answers to the same questions for data analysis and comparison purposes. I edited some questions slightly and added three more questions for the four participants who owned new businesses (for a total of 24 questions – see Appendix E). These interviews were designed to gather a variety of data including the following: pre- and post-plant closure education, training, and employment histories and experiences; personal biographical information; barriers, resources, and influences related to these efforts; the nature of their work at the TAC plant; perspectives on the plant closure, employment prospects, and the county’s economic situation; and how their background and identity might have affected their education and employment decisions. I also prepared a separate interview protocol for the two TAC management members (see Appendix F).

For Group 2, I prepared an individualized interview guide with specific questions for each of the thirteen participants. Questions were designed to obtain particular kinds of
information I needed from each person to the extent that I could predict what each would be able to provide. Appendices G through O include interview protocols used to interview these participants. I prepared each interview guide just a few days before each interview so that I could incorporate questions to obtain information that I had not been able to get from previous participants. These interviews had fewer than 20 questions to allow more flexibility in the topics for discussion. Participants in this group often gave me documents or other archival records during the interview or sent me requested documents shortly afterward.

**Taping and Transcription of Interviews**

All interview sessions were audio-taped with a high quality, portable cassette recorder and immediately labeled with interviewees’ names and dates of the interviews. Of the thirty-five participants in Group 1, three pairs of participants requested to be interviewed together (a married couple and two other pairs of close friends); therefore, the total number of interview sessions for this group was thirty. All thirteen participants in Group 2 were interviewed individually. I found a professional transcriptionist via a reference from a researcher at the regional university. The transcriptionist was quite competent and affordable, and transcribed the interviews verbatim during her spare time from July 2003 to February 2004 and returned all tapes to me. Because she did not live in Alongways County, she did not know any of my interviewees, a situation which protected confidentiality (I and the transcriptionist are the only persons who have listened to these tapes). Because the transcriptionist lived in a town located about 45 minutes away, she was able to understand the local dialect of my interviewees which greatly increased the accuracy of the verbatim transcriptions. A total of forty-five interview sessions were taped and transcribed at a cost of $2,637.42. Some of this cost was covered by a $500.00 dissertation research grant from the Florida State University Office of Graduate Studies.

**Documents**
Table 3.2: Documents and grey literature data consulted.

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<thead>
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<th>Document</th>
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<td>Appalachian Regional Commission</td>
<td>Reports on distressed counties</td>
<td>Appalachian Regional Commission, 2008a-f; Wood, 2005</td>
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<td></td>
<td></td>
<td>High school and college completion rates</td>
<td>Appalachian Regional Commission, 2009</td>
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<td>Tennessee Valley Authority</td>
<td>State road improvements in Alongways County</td>
<td>Tennessee Valley Authority, 2006</td>
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<td>State government</td>
<td>First Tennessee Development District</td>
<td>Northeast Tennessee plant layoffs</td>
<td>First Tennessee Development District, 1999</td>
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<td>Tennessee Department of Corrections</td>
<td>Prison population overview</td>
<td>Tennessee Department of Corrections, 2007</td>
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<td>Prison employee benefits</td>
<td>Tennessee Department of Corrections, 2008</td>
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<td>Rapid response presentation to dislocated workers</td>
<td>Tennessee Department of Labor &amp; Workforce Development, 2008</td>
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<td>Economic development plans</td>
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<td>Alongways County Economic Development Center</td>
<td>Information on small businesses that clients sought help starting</td>
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<td>Alongways County proposal to Economic Development Administration for economic adjustment assistance</td>
<td>Regional University, 1999b</td>
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<td>Alongways County proposal to Kellogg Foundation for sustainability and visioning study</td>
<td>Regional University, 1999a</td>
<td></td>
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<td></td>
<td>Final report and survey results from Kellogg Foundation study on Alongways County</td>
<td>Stead, Stead &amp; Shemwell, 2003</td>
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<td>Vocational Technical Training School (VTT); In-state Community College (ICC); Out-of-State Community College (OSCC)</td>
<td>Mission statements, adult education programs, degree programs taken by TAC workers, and course descriptions, taken from websites</td>
<td>Vocational Technical Training School, 2009; In-State Community College, 2009; Out-of-State Community College, 2009</td>
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<td>Transnational Apparel Corporation (TAC) &amp; UNITE</td>
<td>TAC</td>
<td>Grant City TAC plant job classes &amp; pay grades</td>
<td>TAC, 1998</td>
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<td>TAC &amp; UNITE</td>
<td>Documents related to plant closure</td>
<td>TAC, 1999a; UNITE 1999a</td>
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<td>Correspondence regarding years-of-service dispute and employee severance packages</td>
<td>TAC, 1999b; UNITE, 1999b</td>
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**Table 3.2 continued: Documents and grey literature data consulted.**

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<td>History of Alongways County</td>
<td>Alongways County Historical Society, 1986, 2000</td>
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<td>R. Fritz</td>
<td>Unpublished history of education in Alongways County</td>
<td>Fritz, 1978</td>
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<td>E. Stanton</td>
<td>Master’s thesis on hospital’s strategic plan for Alongways County</td>
<td>Stanton, 1995</td>
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<td>Newspaper articles</td>
<td>Local and regional newspapers</td>
<td>Articles on plant closings, county development, and education initiatives</td>
<td>Local newspaper, 2004a-d, 2005, 2006a, 2006b, 2008a-c, 2009a, 2009b; Regional newspaper, 2009</td>
</tr>
</tbody>
</table>
**Personal Records**

Original contact list of names and telephone numbers;
Spreadsheet document with participants’ names, contact information, dates and locations of interviews, and place of employment at time of interview;
Audio tapes of interviews and text documents of each transcribed interview session;
Photos of a community college advertising poster at the education center, the former TAC plant, and Grant City;
List of organizations that assisted displaced workers during the after the TAC plant closure.

**Personal Observations**

I lived in Alongways County for six months during the period April - September 2003 when I was conducting my field research for this study. Subsequently, I have visited the county once or twice a year for brief periods since then. This exposure has given me detailed knowledge about cultural, political, social, and geographical aspects of Alongways County I could not have gained otherwise. I also read the weekly online version of the Grant City newspaper and continued collecting secondary source data (e.g., census data, government documents, grey literature, and newspaper articles) that are relevant to this study. In May 2008, I collected additional data (grey literatures on county history) and archival documents (county census and economic data) for this study at the Alongways County Public Library and the regional university’s archives.

**DATA ANALYSIS**

The analysis of qualitative data often requires the researcher to use an interactive and iterative process of moving “back and forth between the concrete bits of data and abstract concepts, between inductive and deductive reasoning, between description and interpretation” and between discovering and verifying (Merriam, 1998, p. 178; Patton, 1990; Yin, 2003). This aptly describes how I analyzed my data.

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55 These are lists, documents, or photos I created.
In analyzing interviews, I initially used an inductive process of data analysis that involves open coding to discover unanticipated categories, concepts, themes, and patterns as I focused on answering my specific research questions (Strauss & Corbin, 1990). Like most studies, my research questions, design, and data analysis are informed by a critical theoretical perspective. The knowledge interests of this perspective were at the beginning of this chapter. In addition this study is broadly concerned with theories, concepts, and policy issues discussed in Chapter 2 and these were used in a deductive process to verify patterns or recurring themes that fit, disconfirmed, or contributed to existing explanations (Patton, 1990). I remained open to unanticipated findings and the discovery of explanations that emerged from the data, and to findings that fit with multiple theories.

Data from interviews were used to build narrative explanations and tabular presentations in Chapters 5 and 6. In gathering and analyzing data regarding the employment situation of the county, I constructed data tables from census records and other government documents and to present trends, patterns, and changes in the county’s population demographics, economic indicators, sectoral employment, labor force participation rates, industry wages, commuting patterns, educational attainment, and the education and training outcomes of the displaced TAC employees (see tables in Chapters 5 and 6). I then used descriptive narratives to present an analysis of findings from this data. In addition, tabular presentations of findings from national studies on displaced workers were presented in Chapter 4 to portray the common characteristics and outcomes of workers that were similar to those I interviewed. I used this data to inform my coding and to identify similarities or differences between the participants in my study and those in national studies.

**Review of the Research Questions**

This research study seeks to answer the following questions that were introduced at the end of Chapter 1:

General research question: How has the employment situation of an economically marginalized rural Appalachian county been affected by deindustrialization in the new global economy and by the workforce education and training programs based on human capital theory that have been implemented to compensate for the effects of runaway industry?
Specific research questions:

1. In what ways and to what degree was Alongways County historically marginalized prior to the arrival and departure of its major outside employers, the apparel and textile industries?

2. How did the arrival and departure of these industries change the county’s employment base?

3. What visions did major county stakeholders (government officials, educators, and apparel workers) have of the county’s post-industrial economic development, what economic and training strategies were employed in an attempt to bring about such a future, and what implicit or explicit theories of education and rural economic development did they embody?

4. What kinds of education and training did displaced TAC workers (the targeted group) actually receive and what impact, if any, did the training seem to have on them and their post-TAC employment?

5. What factors seem to explain the perceived impact of these training strategies on the post-TAC employment of laid-off workers and on the county’s economy?

Conceptualization of Key Terms in General Research Question

Below, I identify factors that may be contributing to the economically marginalized situations of the county and its workers and are thus impacting the county’s ability to recover from deindustrialization. These are from the literatures reviewed in Chapter 2 in the section entitled Corporate Restructuring of Production. I also conceptualize marginalization and economic marginalization for the purposes of this study.

Definition of Concepts

Marginality is inherently a relational concept. For example, an entity (e.g., a person, group, county, region, country, etc.) may be marginalized in relation to “the rest of society, or the rest of the economy, or simply the average”, or in relation to several entities that lie on a continuum for a given measure (Kanbur, p. 1). Thus, an economically marginalized entity is one that is relatively worse off according to some monetary or non-monetary measure (e.g., per capita market income or unemployment rate). Kanbur (2007) has noted that economic marginalization is both an outcome and a process. For example, a county
may be economically marginalized because its poverty rate is worse than the average or at
the high end of a continuum for several counties, or because its poverty rate is decreasing
more slowly than in other counties (thereby increasing inequality). Thus, a marginal state
may be an outcome that is static or changing. However, to understand how or why an entity
arrived at a marginal state of being (e.g., how or why its poverty rate is relatively high), one
must consider economic marginalization as a process.\footnote{I am grateful to Dr. Peter Easton, a member of my dissertation committee, for his contributions to my conceptualization of marginalization.}

Economic marginalization as a process is related to how entities are integrated into
markets or state structures. The extent of integration or segmentation of markets promotes
inclusion or exclusion and, therefore, affects the nature and process of development,
economic participation, and the lived experiences of individuals and groups in society
(Kanbur, 2007). Labor markets, in particular, are structured in ways that limit worker
mobility between segments or the role of local communities in larger economic systems
(Kolko, 1988/2000; Peck, 1996). For example, rural women with relatively low levels of
education and skills may have limited employment opportunities in local labor markets
(e.g., low-wage service industries or the informal sector) (Kolko, 1988/2000). In such
cases, their exclusion from other labor markets marginalizes them as workers.

Likewise, the access of individuals, groups, or communities to state-structured
benefits, resources, or institutions is affected by their relative powerlessness in encounters
with these structures and they are thus marginalized (Kanbur, 2007). For example, a rural,
working-class, middle-aged woman who did not finish high school and is unemployed after
working at a factory for twenty years is unlikely to have the same access to the U.S. higher
education system as a new high school honors graduate from an upper middle-class family
of professionals. A community that lacks political power, resources, or expertise to gain
access to redevelopment capital is also marginalized.

Marginalization is also related to an individual’s complex identity and affiliation
with particular groups in society that experience discrimination based on non-economic
factors (e.g., class, gender, race, ethnicity, age, rurality, religion, etc.). Because of such
discrimination, members of these groups are segmented from the mainstream. Thus,
marginalization as process may be intentional and involve oppression and disempowerment of some groups by others (Egan, 2005; Kanbur, 2007)

Marginalization may also occur as the excluded are integrated into markets and state structures. Adverse integration occurs when those who have less power “lose out from market structures even though they are integrated into them” (Kanbur, 2007, p. 3). For example, because of power and resource inequalities, the poor are less able to navigate state structures such as the education and legal systems, and thus, drop out of school and go to prison in disproportionate numbers. And as discussed in Chapter 2, integration into the new global economy with its restructured production systems and fragmented labor markets means some U.S. workers have lost their jobs and many communities have been constructed as low-skill labor markets. Kanbur describes how adverse integration into markets contributes to marginalization:

If markets were competitive, with market power evenly distributed, then integration into market structures should increase income earning opportunities for those previously excluded, and reduce process as well as outcome marginalization. But integration into a market structure with concentration of market power is marginalization operating through market structures (p. 3).

The concentration of power among transnational corporations (TNCs) in global labor markets was discussed in Chapter 2. Communities and workers in the U.S. that are integrated into the contemporary global economy but have unequal power may be marginalized by processes that are related to TNCs’ restructuring of production and labor and the reorganization of work (Kolko, 1988/2000; Peck, 1996). In addition to my conceptualization of marginalization above, I have identified factors below (e.g., events, processes, conditions, etc.) that are from the literatures discussed in Chapter 2 that may contribute to marginalization (both as an outcome and a process) of communities, groups, and individuals and are impacting their ability to adjust to their changed situations.

**Economic Marginalization Factors for a Community in a Global Economy**

Historical industrialization based on traditional manufacturing with standardized production processes (Dicken, 1998; Kolko, 1988/2000);
Loss of comparative advantage based on low-cost labor strategy (Dicken, 1998; Gilpin, 1987/2000; Harrison & Bluestone, 1988);
Labor force characteristics: low skills and education levels (Brown & Hesketh, 2004; Carnoy, 2000; Dicken, 1998; Harrison & Bluestone, 1988);
Labor mobility is low relative to transnational financial capital mobility (Dicken, 1998; Gilpin, 1987/2000);
New job growth in low-wage service sectors of personal or consumer-oriented services\(^{57}\) (Appelbaum & Albin, 1990; Dicken, 1998);
Geographically remote location with limited infrastructure to attract new industry (Wood, 2005; Wood & Bischak, 2000)
Peripheral economy in international division of labor: lower status in hierarchy limits economic activity and income levels\(^{58}\) (Hymer, 1971/1979);

**Worker Marginalization Factors in a Global Economy**
Shifts in U.S. macroeconomic policy have reduced social protections for domestic labor while benefiting capital and foreign labor (Gilpin, 1987/2000);
Historical discrimination pattern based on complex identity or group affiliation (based on class, gender, race, ethnicity, age, rurality, religion, etc.) (Brown & Hesketh, 2004; Egan, 2005; Kanbur, 2007; Weis, 1990, 2004; Willis, 1977);
Individual education history: low relative to region, state, nation (Appelbaum & Albin, 1990; Brown & Hesketh, 2004; Carnoy, 2000; Herzenberg, Price, & Wial, 2005);

\(^{57}\) Includes wholesale and retail trade, restaurant, hotel, recreation, tourism, entertainment, household, health, education, and welfare services.
\(^{58}\) The marginal status of economically peripheral regions in a world system was discussed in the section entitled *Dependency and World Systems Theory* in Chapter 2.
Individual employment history: past employment in low-skill, low-wage jobs manufacturing sector (Kolko, 1988/2000; Reskin & Padavic, 1994);

Fewer employment opportunities due to lack of diversity in employment sectors and plant closings (Gibbs, Kusmin, & Cromartie, 2005; Herzenberg, Price, & Wial, 2005; McGranahan & Ghelfi, 1998; Wood, 2005);

Worker displacement due to job losses from plant relocations (Aronowitz, 2001; Carnoy, 2000; Harrison & Bluestone, 1988; Kolko, 1988/2000);

Shift from higher-wage factory work to lower-wage service occupations (Appelbaum & Albin, 1990; Brown & Hesketh, 2004; Carnoy, 2000; Dicken, 1998; Kolko, 1988/2000)

Full-time employment replaced with expansion of part-time, temporary, home-based employment without benefits; especially true for older workers and women who are more likely to take these jobs (Brown & Hesketh, 2004; Carnoy, 2000; Kolko, 1988/2000; Ward, 1990)

Limited mobility, especially among women because of family responsibilities (Albelda, Drago, & Shulman, 1997; Reskin & Padavic, 1994);

Displaced workers lose social and political support networks that are based in local workplaces and community when factories leave (Carnoy, 2000);

Live and work in an economically “distressed” community (i.e., one that has been economically depressed over a long period of time) (Herzenberg, Price, & Wial, 2005; Wood, 2005);

**Answering the Research Questions**

I have prepared a tabular presentation of my data analysis plan for answering each of the specific research questions. A discussion of categorizing and conceptualizing techniques used in the data analysis follows these tables.
Table 3.3: Strategy for answering the specific research questions.

<table>
<thead>
<tr>
<th>Research Question</th>
<th>Situation Analyzed</th>
<th>Data Source</th>
<th>Data Analysis &amp; Presentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. In what ways and to what degree was Alongways County historically marginalized prior to the arrival and departure of its major outside employers, the apparel and textile industries?</td>
<td>Population demographics and trends for Alongways County and Grant City, 1900-1960, including population changes, median age of population, and county density; factors contributing to the county’s isolation and limited infrastructure: terrain, transportation, utilities; Grant City location business activity and services; infrastructure in county’s outlying areas; low labor force participation and contributing factors; shifts in sectoral employment, contributing factors, and impact on Alongways County’s workers during the pre-industrial era; rise and decline of agriculture; out-migration from Alongways County</td>
<td>Alongways County Development Committee, 1963; U.S. Bureau of the Census, 1931, 1932, 1933, 1943, 1944, 1949-50, 1952a, 1952b, 1954, 1959, 1961a, 1961b, 1972, 1995a, &amp; 2000; Alongways County Historical Society, 1986, 2000; Interviews with Group 1 &amp; Group 2 participants.</td>
<td>Narrative description of trends; analysis of composition of population; Tables 5.1, 5.3, 5.4, 5.7, 5.10</td>
</tr>
</tbody>
</table>
Table 3.3 continued: Strategy for answering the specific research questions.

<table>
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<tr>
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Table 3.3 continued: Strategy for answering the specific research questions.

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<th>Situation Analyzed</th>
<th>Data Source</th>
<th>Data Analysis &amp; Presentation</th>
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<tbody>
<tr>
<td>3. What visions did major county stakeholders (government officials, educators, and apparel workers) have of the county’s post-industrial economic development, what economic and training strategies were employed in an attempt to bring about such a future, and what implicit or explicit theories of education and rural economic development did they embody?</td>
<td>Strategies and barriers to Alongways County’s economic development plan, including recruitment of new manufacturing firms, promotion of tourism, real estate development, improved communications technology, improved road access, raising education attainment levels of workforce, educational attainment barriers, and limits on educational opportunities in the past; micro-enterprise and business expansion efforts; Alongways County 2001 strategic plan</td>
<td>Alongways County Development Committee, 1963, 2001; Alongways County Historical Society, 1986; Appalachian Regional Commission, 2009; Brown, 1999; Fritz, 1978; Local newspaper, 2004a, 2004b, 2004c, 2006, 2008a, 2008b, 2009a, 2009b; Regional newspaper, 2009; Stead &amp; Stead with Starik, 2004; Tennessee Valley Authority, 2006; U.S. Bureau of the Census, 1943, 1952a, 1961a, 1972, 1983, 1993, 2003; Interviews with Group 1 &amp; Group 2 participants.</td>
<td>Narrative description of the situations listed in column 2; Tables 5.14, 5.15, 5.16</td>
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**Table 3.3 continued: Strategy for answering the specific research questions.**

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<tr>
<td>4. What kinds of education and training did displaced TAC workers (the targeted group) actually receive and what impact, if any, did the training seem to have on them and their post-TAC employment?</td>
<td>TAC worker small business grants &amp; development efforts; services at small business support center; types of education training &amp; job assistance for displaced workers; Federal training programs and transition assistance services; TAC severance benefits and related transition services; post-secondary education providers: programs, courses, &amp; mission statements; kinds of education and training taken; types of employment of workers in 2003 and 2008</td>
<td>Council for Urban Economic Development, 1999; DeLozier, 1999; Local newspaper, 2007; Regional newspaper, 2009; Regional university, 1999a &amp; 1999b; U.S. Office of Federal Register, 1999; UNITE, 1999a &amp; 1999b; Interviews; Education providers’ (VTT, ICC, &amp; OSCC) catalogs, websites, &amp; documents; Lists of training taken and jobs held from workforce training agency</td>
<td>Narrative description of the situations listed in column 2; Table 6.1</td>
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<tr>
<td>5. What factors seem to explain the perceived impact of these training strategies on the post-TAC employment of laid-off workers and on the county’s economy?</td>
<td>Workforce Development Facilitator’s role, accomplishments, &amp; perceptions; group 1 and group 2 perceptions of future education and employment prospects for Alongways County youth</td>
<td>Interviews with Group 1 &amp; Group 2 participants.</td>
<td>Narrative description of the situations listed in column 2</td>
</tr>
</tbody>
</table>
Categorizing Analysis

I began the open coding process with a question-by-question analysis across the interviews from Group 1 (the workers). For example, for interview question 11 ("What kinds of problems or barriers have you had in getting work since the plant closure?"), I read each transcript in Group 1 (the workers) to inductively code the data to develop concepts. Because I used a standardized open-ended interview format for these interviews, the same questions appear sequentially and this allowed me to quickly locate participants’ answers for coding and comparison purposes. Using the constant comparative method, the concepts coded from answers to question 11 in the first interview were compared to those coded from question 11 in subsequent interviews from Group 1 (Strauss & Corbin, 1990). Concepts that came from the participants became codes. Other concepts were derived from the literature and existing theories, and from my own intuitive sense of patterns in the data ("sensitizing concepts") (Patton, 1990).

Concept and category construction for the Group 2 interviews were done using the same categorizing method for each question, but cross-interview analysis was used only for questions that these interviews had in common. Documents and archival material were also coded as they were read. In addition, I used Atlas-TI data analysis software to aid in coding data, cross-referencing to source documents, categorizing concepts, and in data management and retrieval.

Concepts generated through open coding subsequently were used to further develop categories, themes or patterns. Descriptive memos were written to analyze how concepts were related and to build themes, patterns, and explanations. For example, a preliminary analysis of the literature was done with open coding to develop a list of factors that might have contributed to marginalization and were then categorized into economic marginalization factors for communities versus worker marginalization factors that affect individuals or groups (as addressed in the general research question). I looked for evidence of these factors (and the emergence of new factors) in the raw data and in the themes or patterns that were developed in the data analyses prepared for each specific research question.

Contextualizing Analysis
This second step in my analysis involved analytically linking categorized data to understand how the fragmented units were related and fit into larger contexts, i.e., to discern patterns, see relationships, and build explanations (Maxwell, 1996). For each specific research question, I addressed “why do I need to know this” which illustrates the kinds of analytical thinking and question asking that are involved in this process (Strauss & Corbin, 1990). This was accomplished in part with intermediate steps of analysis by constructing concept and category logic models and other data organization tools (e.g., narrative summaries, spreadsheets, tables, and memos) (Miles & Huberman, 1994). This type of analysis was used to understand how events and processes and other phenomena were connected. For example, I examined a variety of socioeconomic and demographic data to describe the economic situation of the county and its workers over time to answer specific research questions 1 and 2, and tables and quotations were most useful in this step of my analysis.

The third step in my analysis used findings from the answers to the specific research questions to develop descriptive narratives that aided in integrating the findings to allow further interpretation and explanations of how economic and worker marginalization in rural Alongways County was affected by the workers’ education and job training. I offer two examples that are used here for illustrative purposes. Example 1: My findings showed how factors that might have contributed to economic and worker marginalization emerged in spite of the education and training efforts (e.g., workers had fewer employment opportunities due to lack of diversity in employment sectors and plant closings). To document my findings, I wrote a description of these changes and interpreted how they had affected the workers and the community. Example 2: My descriptions of findings for specific research question 4 revealed a large number of women workers who took occupational education for office and clerical work and are now employed in low-wage office jobs in female-dominated occupations. I wrote a memo noting that this illustrates two factors that may have contributed to worker marginalization: a shift from higher-wage factory work to lower-wage service occupations and a continued concentration of women working in jobs that are historically sex-segregated (Gittleman & Howell, 1995).
VALIDITY AND RELIABILITY (CREDIBILITY AND TRUSTWORTHINESS OF FINDINGS)

Maxwell (1996) has noted that validity “does not imply the existence of any objective truth to which an account can be compared . . . and must be assessed in relationship to the purposes and circumstances of the research.” Merriam (1998) has argued that the nature of qualitative inquiry and how it is carried out (the human researcher as the data collection instrument and interpreter, and the emergent design among other factors) means that exact replication is impossible. Even the researcher may find that his or her interpretations and findings would change if attempting to replicate the study at a later date because new conditions and contexts must be considered—this is the nature of a particularistic case study. The terms validity and reliability come from more positivistic paradigms (and are a subject of debate among qualitative researchers), but the underlying purpose embodied in each of these terms (Lincoln & Guba, 1985) is still useful. In essence, these refer to how I took steps toward convincing others that descriptions, interpretations, explanations, and conclusions in my study are plausible or credible (i.e., valid), and that the results are trustworthy (reliable) because they are dependable and consistent with the data that were collected (Maxwell, 1996; Merriam, 1998; Patton, 1990). In the following sections, I discuss techniques, researcher characteristics, and unique tools for qualitative research that I used to increase the validity or credibility of my study.

Data Triangulation

I used the multiple kinds of data collected in this study (interviews, documents, archival records, websites, grey literatures, and personal observations) to corroborate facts, events, processes, participants’ accounts, and other findings whenever possible to produce a convergence of evidence (Maxwell, 1996; Merriam, 1998; Patton, 1990; Yin, 2003). For example, I compared the workers’ reports of the kinds of education and jobs taken (from the interview data) to lists of client placements into education and training programs and employment from the local workforce training agency and small business support center. As a second example, I compared the workers’ reports of positions held while at TAC against a list of names and positions held and the pay scales for those job classes (obtained...
from UNITE labor union) (TAC, 1998). In addition, I recontacted the career center
counselor and administrators at the workforce training agency in late 2008 to verify details
about workforce programs, workers’ places of employment, data from documents.

**Considering Rival Theories**

I compared concepts, themes, patterns, and explanations that came from my data to
not only those from the critical perspective, but also rival theories, e.g., the human capital
perspective, as well as explanations derived from the data that are insufficiently addressed
in the literatures relating education to employment. For example, I found that jobs were
obtained by workers primarily through their family and social networks and for some their
new employment had little to do with their education or training. As rival explanations
emerged, I wrote narrative memos about findings that informed my final data analysis
summary.

**My Credibility and Bias as a Researcher**

My local knowledge of working-class Appalachian culture lends credibility to my
description and interpretation of the data in this study. This experiential knowledge can
provide insights and aid in understanding the particularistic phenomena of this case study
(Maxwell, 1996). My knowledge comes from being a native of the region and having lived
there for thirty years. In addition, I and several members of my family worked in factories
there. I also taught business classes at the regional university for four years where I had
many working-class adult students who were similar in many ways to those in my study
(and some were from Alongways County). I also lived at my research site for six months,
and remain quite familiar with the people, political economy, and culture of the community
of Alongways County through annual visits. While I have a deep affinity for the
Appalachian region and its working-class people, I believe I was able to draw on my
training and background as an auditor where I learned to let the evidence form the basis for
findings. I also have a sincere desire to convey the participants’ experiences as realistically
as possible, whatever they may be.

**Reliability or Trustworthiness of the Data**

Although exact replication of a qualitative study is not possible for reasons
discussed above, the researcher has an obligation to preserve the data in such a way that
could allow others to review it to see if the findings of the study are consistent and dependable given the data that was collected. The coded data and memos are preserved in the database file I created using Atlas-TI. Hardcopies of documents are also filed in a logical manner.

A case study database was used to organize the data so that the researcher and others can review the sources of evidence (Yin, 2003). In addition, I have done as much as possible to ensure the accuracy and completeness of crucial interview data that provides key evidence for my findings (all were taped and transcribed verbatim).

**Analytic Generalizability or Extrapolation of Findings**

Because of the context dependent and particularistic nature of a case study and the use of purposeful sampling, this study cannot be used to make statistical generalizations to larger populations. Instead, it can potentially be used to extrapolate findings to some existing theories and hopefully contribute to a particular body of knowledge in some specific way, which is the ultimate goal of any research (Yin, 2003). Patton (1990) notes that “extrapolations are modest speculations on the likely applicability of findings to other situations under similar, but not identical, conditions . . . [and] are logical, thoughtful, and problem oriented” (p. 489). To that end, in the concluding chapter of this dissertation I consider broader implications of my findings for analyzing worker training programs and alternative strategies.
CHAPTER 4

THE U.S. WORKFORCE EDUCATION SYSTEM

The purpose of this chapter is to describe the federal workforce education and training policies and programs that have been used to address structural unemployment of displaced workers and related economic recovery efforts in deindustrializing communities. Here, I address specific research questions 3, in part, by identifying and analyzing the implicit or explicit theories of education and economic development that form the basis for such policies. In addition, I also address specific question 4, in part, by identifying and describing specific workforce education and training programs and forms of community assistance that are available to the displaced workers and trade-impacted communities that have suffered mass job losses.

Federal job-training programs a major source of federal assistance received by economically distressed communities that have been severely affected by trade-related job losses and plant closures. In such communities, other sources of assistance are often limited and these programs are often become a major component of an affected community’s economic redevelopment strategy and human capital enhancement efforts. Workforce policy that guides these programs is shaped by the popular assumption that training a national workforce with the right mix of skills will solve the problems of structural unemployment and growing income inequality. This policy explicitly follows a human capital approach whose proponents assume that investments in skills training give workers valuable productive skills they need to obtain employment with higher earnings. It favors training for jobs in the growth sectors of the economy aimed at boosting productivity, maintaining national competitiveness, and ensuring economic growth (Brown, 2001; National Center on Education and the Economy (U.S.) Commission on the Skills of the American Workforce [NCEE/CSAW], 1990; Reich, 1995; U.S. Department of Labor Employment and Training
The “skills mismatch” argument has been the rationale for workforce policies aimed at building human capital through job-skills training since the early 1980s and remains so today. Its proponents assume that rising structural unemployment and growing income inequality stem from a mismatch between the demand for higher skill levels in the post-industrial global economy and the obsolete skills of many in the labor force. The solution has been to follow a human capital approach to employment policy which has been implemented over several decades through federally-funded workforce programs for adults, including those for displaced workers. This policy prescribes job-skills training as the major education components of these programs (Committee on Prospering in the Global Economy of the 21st Century and Committee on Science, Engineering, and Public Policy, 2007; Johnston & Packer, 1987; Lafer, 2002; National Commission on Excellence in Education, 1983; NCEE/CSAW, 1990; O’Leary, Straits & Wandner, 2004; Reich, 1991).

JOB TRAINING AS POLITICAL STRATEGY

The federal job-skills training programs in effect today have their roots in the neoliberal macro-economic policies promoted by the Reagan administration that expanded global free-trade and heightened competition in world markets. Job-skills training became the central component of federal employment programs in 1982 when the Job Training Partnership Act (JTPA) was passed. Its new focus was a major departure from that of its predecessor, the Comprehensive Employment and Training Act (CETA); CETA had focused on job creation through subsidized on-the-job training and work experience programs (U.S. Congressional Budget Office, 1982).

The Reagan administration had not planned on continuing any employment and training programs after CETA expired. However, an economic recession that occurred in

59 Displaced workers are the main topic of interest in this review of workforce education policy since this study’s research considers what happened to a particular group of displaced workers who were eligible for assistance in federally-funded workforce training programs. The term dislocated worker is defined later here in a discussion of specific programs for them.
the early 1980s brought high levels of unemployment and created political pressure to enact new employment programs. The administration crafted a new employment policy to fit its neoliberal policy agenda which favored smaller government, privatization, stimulus tax cuts, social welfare cuts, and a shift in power from labor to business (Lafer, 2002). It also proposed cutting federal spending for social welfare and employment programs and eliminating all public employment programs aimed at job creation, a policy trend followed by subsequent administrations. Lafer has described the following rationale given to Congress by the Reagan administration for these substantial employment policy changes:

Middle-class workers were unemployed due to cyclical fluctuations in the economy; once the president’s supply-side stimulants took effect, there would be plenty of jobs for them in the private sector. The problem for the poor people, by contrast, was not a lack of jobs, but a lack of skills…. Government jobs [did not teach] them real skills needed by private employers… [and left them] less rather than more employable. Thus, JTPA was designed as a program of short-term training, targeted strictly to welfare recipients and the long-term poor, and banning any form of public job creation. (Lafer, 2002, p. 8)

Although Democratic members of Congress resisted this change, they lacked the power at that time to oppose this move and ceded their support for job creation programs to stop the elimination of all employment programs. As a compromise, they supported funding for narrow, short-term skills-training programs with support stipends and increased authority for local governments. In an effort to gain the support of the Republican Congressional majority, they adopted the discourse of fiscal conservatives and described their proposal as a human capital investment necessary to ensure economic growth and give workers specialized skills needed to “compete for jobs in a technologically advanced society” (Lafer, 2002, p. 175). Thus, in being co-opted by the ideology of their conservative neoliberal opponents, the Democrats unwittingly “became the most forceful advocates of the skills mismatch argument [and]…helped to consolidate an understanding of unemployment which would frustrate more serious responses to poverty for decades to come” (Lafer, p. 175) until the present day.
Thus, the passage of JTPA launched job training as the dominant federal policy for solving the unemployment problems of economically disadvantaged adults and displaced workers while eliminating federal job creation programs such as CETA. It was based on the assumption that there were enough living wage jobs for everyone, but not enough people with the right skills to fill them, and on the belief that skills are the key determinants of earnings (Lafer, 2002; Livingstone, 1998; U.S. Congress, 1994). This ideologically-driven and politically-motivated strategy also promoted the notion that income inequality was the result of a technology-talent mismatch due to workers’ personal education and skills deficits. Thus, the Reagan administration shifted blame from the government to the education and workforce systems and the workers themselves while it avoided potential political conflicts that would arise if it had addressed the structural causes of joblessness and income inequality.

At the same time, the federal government expanded free-trade policies that contributed to deindustrialization and the weakening of labor unions while transferring local control of employment training programs to private industry councils run by the business community (Brown & Hesketh, 2004; Carnoy, 2000; Harrison & Bluestone, 1988; Lafer, 2002; O’Leary, et al., 2004). By the late 1980s, the number of displaced workers had risen dramatically due to job losses resulting from capital flight and deindustrialization, which many have attributed to the expansion of neoliberal free-trade policies (Bluestone & Harrison, 1982; Carnoy, 2000; Gilpin, 1987/2000; Harrison & Bluestone, 1988 & 2000; Kolko, 1988/2000). By the 1990s, job-training policy had been transformed into an economic strategy that placed a renewed faith in the tenets of human capital theory that continues today.

SKILLS TRAINING AS ECONOMIC STRATEGY

The human capital ideology that is the basis for current federal workforce policy is explicit in policy statements issued by the U.S. Department of Labor’s Employment and Training Administration (DOLETA), the U.S. government agency responsible for funding allocations and federal oversight for these programs. The discourse and aims of federal
employment policy of the last fifteen years still resemble those used to promote the passage of JTPA in 1982. In 1994, DOL Secretary Robert Reich described the Reemployment and Training Act as “a response to the problem of long-term employment and the need to retrain workers displaced from older industries and prepare them for high-skills jobs in emerging industries” (U.S. Congress, 1994, Abstract). In 2003, a DOLETA program entitled the “High Growth Job Training Initiative,” described its goal to ready workers with skills to work in fourteen specific “high growth, high demand and economically vital sectors of the American economy.” In recognizing the increased control given to the business community, the program was described as a “partnership” between employers and educational institutions that would “demonstrate to our [workforce training] system how to put employers back in charge of talent development” (U.S. Department of Labor Employment and Training Administration, 2003). In 2007, proponents of DOLETA’s policies suggested more workforce policy reforms because “the system has not kept pace with the challenges brought on by the need for new and higher levels of worker skills and competencies” and “the entire workforce investment system [must move] in a direction that supports and advances our nation’s competitiveness” (U.S. Department of Labor Employment and Training Administration, 2007).

While the Workforce Investment Act of 1998 and its subsequent revisions mandate the policies and programs for workforce education and training today, it emerged from the Clinton Administration’s revisions to workforce policies, including JTPA, in the 1990s. The goal was to move toward a market-oriented, customer-focused, and employer demand-driven system designed to help “1.4 million displaced workers each year” obtain the skills needed in the new economy and transform the workforce system “from an unemployment system to a re-employment system” (D’Amico, et al., 2004; U.S. Congress, 1994, p. 9) Its economic aims are explicit in a 1995 U.S. Department of Labor (DOL) report on the economic impacts of federally-funded employment and training programs (U.S. Department of Labor Employment and Training Administration, 1995). In it, U.S. Secretary of Labor Reich summarized the administration’s national strategy to empower workers with skills to prosper in the global economy:
The key to national success in the new economy is enabling workers to build and deploy productive skills. Only high productivity can sustain high living standards. And productivity must be substantially skill-driven, not based on technology alone, since technology is an increasingly mobile, decreasingly “national” resource. Thus, creating a culture of lifelong learning, and constructing an institutional structure to give force to that culture, are the core strategies for improving the incomes of ordinary working Americans (p. 3).

Reich’s message outlined a national workforce policy with economic goals that are a familiar restatement of the assumptions of human capital theory \(^{61}\). Although it sounded like a new approach, investments in skills training had been a part of the federal government’s response to retraining thousands of displaced workers in the wake of massive layoffs and deindustrialization in the U.S. since the 1980s (O’Leary, et al., 2004; Reville & Klerman, 1996). These training programs aim to quickly move displaced workers back into employment at higher earnings in growth sectors of the economy by correcting their education deficiencies or mismatched skills in a cost efficient manner (U.S. Department of Labor Employment and Training Administration, 1995). However, program outcomes in terms of the benefits to individual participants and society as a whole have been mixed (Decker & Corson, 1995; Dickinson, Kogan, Rogers, & Visher, 1992; Drury, Walsh, & Strong, 1994; U.S. Congressional Budget Office, 1993; U.S. General Accounting Office, 2000; U.S. Department of Labor, 1995; U.S. Department of Labor Employment and Training Administration, 1995).

In addition, these programs have not been redesigned to foster a culture of lifelong learning or provide the requisite supportive institutional structure that Secretary Reich had called for, nor have they substantially increased the long-term earnings of most program participants or helped in the long-term readjustment and economic recovery of communities with high numbers of dislocations (Dickinson, Kogan, et al., 1992; Drury, et al., 1994; Kletzer, 2001; National Center on Education and the Economy (U.S.) New Commission on the Skills of the American Workforce [NCEE/NCSAW], 2008; U.S. Department of Labor

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\(^{61}\) An extended review and critique of human capital theory was discussed in Ch. 2 in the section entitled *Human Capital as an Investment*. 

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**THE SKILLS-EARNINGS AND INCOME INEQUALITY DEBATE: INFLUENCE ON WORKFORCE POLICY**

The notion that simply giving workers new skills can raise their earnings is remains embedded in current workforce policy and is firmly rooted in the ideology of human capital theory. In advocating for the Clinton administration’s workforce strategy DOL Secretary Reich spoke of permanent job loss and long-term unemployment as “symptoms of structural change in the economy…that involve the increasing importance of skills, a shift in favor of workers with high-level skills and against those without them. More than ever, what you earn depends on what you learn” (U.S. Congress, 1994, p. 4). He went on to predict that workers with skills from any education level “beyond high school” had good “odds for finding a job paying a middle-class wage” (U.S. Congress, 1994, p. 4).

This human capital ideology and the skills-earnings debate are reiterated in today by education and labor policy advocacy groups. For example, in a 2008 report entitled *Tough Choices, Tough Times*, the New Commission on the Skills of the American Workforce (NCSAW) argued that workers with higher levels of skills will earn more because demand for them is increasing faster than the supply and called for national investments in specialized skills and occupational training to improve the productivity and incomes of ordinary workers (NCEE/NCSAW, 2008). In a response section to the report, Mishel and Rothstein of the Economic Policy Institute (EPI) criticized the NCSAW policy stance and cited research showing that middle- and working-class workers’ earnings, including those of people with a college education, are either falling or stagnant despite continued growth in

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62 An extended discussion of the education-earnings-income inequality debate was presented in Chapter 2 in the section entitled *Human Capital as an Investment*.

63 The NCSAW is a education policy research, advocacy, and advisory committee that is part of the non-profit National Center on Education and the Economy [NCEE] formed in 1989 to “analyze[e] the impact of the globalizing world economy on the requirements for education and job training in the United States…[The NCEE also provides] training, professional development, technical assistance and materials that professionals in the system need to implement [its] proposals” (NCEE, 2005). The 2008 report *Tough choices, Tough times* was preceded by an earlier policy recommendation report in 1990 entitled *America’s choice: high skills or low wages* (NCEE/CSAW, 1990).
productivity. They argued that learned skills are far less influential in determining earnings than broad macro-policies that structure the economic system:

Workforce skills can spur productivity growth, which in turn increases national wealth, but skills cannot determine how that wealth is distributed. This is a function of policies over which schools have no influence: tax, regulatory, trade, monetary, technology, antidiscrimination, and labor market policies organize the demand for skilled workers and help determine how much they are paid. (Mishel & Rothstein in NCEE/NCSAW, 2008, p. 175)

The NCSAW issued a rebuttal to the response. It stated “one can only maintain that skill development is an important tool for shaping the economy” and asserted that its position was “hard to attack” because it is the same position held by three human capital theorists of the 1960s (specifically, Schultz, Solow, and Becker) who had “won the Nobel Prize in economics for concluding “that education is a major contributor to economic growth” (NCEE/NCSAW, 2008, p. 181). The NCSAW also claimed wealth distribution was not a relevant issue for their report although it included a six-page discussion of the relationship between education, earnings trends, and the widening income gap in its report.

THE RENEWED COMMITMENT TO THE HUMAN CAPITAL APPROACH TO WORKER TRAINING

The NCSAW also reiterated the popular neoliberal view that the macro-economic policies cited by Mishel and Rothstein cannot be designed to address income inequality in the era of globalization because workers must compete in a global labor market (NCEE/NCSAW, 2008, p. 197). This argument has shaped much of the federal employment and training policy in the U.S. for the nearly three decades under both Republican and Democratic administrations. In 1993, President Clinton acknowledged his support for free-market labor policies and claimed the federal government could not enact labor policies to protect workers from changes that were occurring in the world economy. He implied that the average worker will largely be left to his or her own devices to deal with the results, and
that the solution for each individual lay in obtaining the right skills training (U.S. Department of Labor Employment and Training Administration, 1995, p. 3).

Advocates of this popular labor policy stance assume that all U.S. workers are now competing with all other workers in the world, but this is “a simplification of existing realities for most workers… because the global labor market does not operate as a ‘free’ market (Brown, P., 2001, p. 26). There are still many forms of restrictions on labor, including discrimination, nationality, and location in particular. Labor is still relatively immobile when compared to capital and thus, “for most workers, most of the time, where they are born and grow up continues to structure their labor market opportunities within local or national contexts” (Brown, p. 26). This statement is particularly true for those in low-skill service jobs which are highly localized. Brown argues that global labor market effects cannot be the cause of widening income inequality in the U.S. because if that were the case, then all of the leading industrialized economies in the world would have the same pattern, which is not the case--it is those countries with neoliberal policy reforms that have experienced the most growth in income inequality. He points directly to the relevance of macro-policies in addressing the reality of workers in stating that “[income] polarization is…explained in terms of how countries have responded to globalization rather than in terms of a convergence based on the global value of human capital” (Brown, p. 27).

Today, the continued popularity of the skills-earnings argument as a rationale for current workforce policy illustrates how the human capital approach remains ingrained in U.S. employment and training policy. This ideological approach has led the U.S. government to dismiss job creation and labor protection policies and choose free-market policies and with a narrow skills-training approach as solutions to structural unemployment and economic growth. It shapes policies that place responsibility on each individual worker to get the right skills to solve the nation’s employment problems without committing adequate resources or building institutional structures to enable them to do so. The essence of this policy is summarized in the words of President Clinton who stated that workers must “be more creative, to solve more problems on his or her own initiative” while taking responsibility for learning more and acquiring new skills to work in the new economy (U.S. Department of Labor Employment and Training Administration, 1995, p. 3).
Thus, individuals are now continually called upon to develop new sets of skills to get the best new jobs and preserve the nation’s ability to compete. These “high performance” skills include high levels of cognitive skills, creativity, innovative and critical thinking, teamwork and entrepreneurial skills, and an ability to learn quickly in changing environments (NCEE/NCSAW, 2008; Reich, 1991). Such skills are commonly associated with higher-paying, knowledge-intensive occupations usually held by workers who have finished four years of college or more. However, these kinds of jobs are held by only 20% of the workforce and require the kind of education that is not an option in the current workforce system (Brown & Hesketh, 2004). Even the NCSAW remains skeptical about how workers will get these high-value skills in the current system:

The system we have now was never designed to produce the outcomes we have described...because a primary purpose of adult education and job training is to get poor people a job as soon as possible....[it] is not very well funded, set to minimum standards, and intended not mainly for the middle-class but for the more vulnerable workers at the bottom of the job food chain” (NCEE/NCSAW, 2008, p. 43).

Of greater concern is the fact that this lack of faith in the workforce education system exists despite numerous revisions made to provide better services during the 1990s and in revisions to the workforce training programs. The issue is not that obtaining new skills is a bad idea, or that all job training is undesirable—clearly neither is the case. The issue is that so much emphasis has been placed on narrow job skills training as the major solution to larger systemic problems that affect employment opportunities for disadvantaged and displaced workers and for the larger economic problems in communities that are affected by massive job losses.

THEORETICAL APPROACHES TO WORKFORCE POLICY

What follows is a brief discussion of common theoretical approaches and decision models used in workforce policy planning and implementation. Afterward, I discuss the history of early employment training programs for disadvantaged adults and displaced workers, and finally more recent programs that specifically target displaced workers.
Three theoretical approaches can potentially inform workforce policy planning and implementation: human capital, political, and critical. Each is rooted in a theoretical perspective with distinct disciplinary roots: human capital from human capital theory in neoclassical economics; political from segmented labor market theory in institutional economics; and critical from critical social theories in political economy and sociology (Herschbach & Davis, 2000). Each approach has particular implications for workforce policy because it brings its own values and assumptions to programming issues such as resource allocation, targeted groups, kinds of services, and end goals. For example, the human capital approach emphasizes economic efficiency as an end goal (e.g., increased economic growth, efficient resource allocation, and cost effectiveness) while the political and critical approaches place more value on social equity as an end goal (e.g., increased opportunity, decreased inequality, and poverty alleviation).

The human capital approach has commonly been used in workforce programs for displaced workers because rapid reemployment is considered cost effective. Several demonstration programs conducted as part of the Economic Dislocation and Worker Assistance Adjustment Act (EDWAA)64 quickly profiled displaced workers to identify those who were “most likely remain unemployed long-term” and provided them with “intensive job search assistance and counseling” which resulted in faster job placement (U.S. Department of Labor, 1995, p. 48). From the government’s perspective, this service met cost effectiveness goals and was considered successful because it reduced unemployment payments and increased income and employment tax revenues which exceeded the costs of the program (U.S. Department of Labor, 1995). Other programs have offered “quick and affordable training [via a local community college] for displaced and under-employed workers [through] a series of [courses for] in-demand jobs” as a response to regional mass layoffs (Tallahassee Community College, 2009). These short-term training courses lasted from a few days to three months and prepared trainees for entry level jobs in office and blue-collar service work. Again, the goal is to facilitate quick reemployment in high-demand jobs to meet cost effectiveness and economic growth goals.

64 This 1988 act revised Title III programs of the Job Partnership Training Act of 1982 that targeted dislocated workers (Landini, 1995).
However, short-term job training for these high-need groups usually does not prepare trainees to progress to higher-level, middle-skill jobs. Thus, a combination of approaches may be used to provide training and expanded access to other services and education programs (Grubb, 2001). Programs influenced by the political approach have targeted members of disadvantaged groups who are overrepresented in undesirable jobs in lower-tier segments of the labor market (e.g., low-income women, older workers, racial minorities, immigrants, high-school drop-outs, etc.) (Orr, 1996). For example, a JTPA program provided occupational skills, on-the-job training, and other employment services to economically disadvantaged adults with barriers to employment (Orr, 1996). Still, skills and employment services alone may not be enough to overcome these barriers.

Programs that have been most effective in terms of achieving social equity have provided broader employment support services tailored to the needs of specific groups, such as mentoring and career counseling, childcare for low-income women, remedial courses for high school drop-outs, and ESL courses for new immigrants (Grubb, 2001). Some workforce programs offered through community colleges have offered participants broader education opportunities by linking vocational and academic programs. The goal is to ease the transition from non-credit, short-term vocational training and remedial courses to academic courses and credit degree programs that prepare them for higher-paying professional careers in primary labor markets (Grubb, 2001).

Programs using a critical approach have been used by community-based agencies, labor unions, civic groups, and popular education organizations. Such programs consider how societal structures, power, and identity are interrelated and produce inequalities that marginalize certain groups in labor markets (Herschbach & Davis, 2000). The goal of such programs is education for social change and empowering citizens to participate as stakeholders in making local workforce policy. Such programs have involved participants in analyzing the political and economic contexts that shape their employment opportunities and raised consciousness about their own education and employment problems. For

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65 Under this JTPA Title II program, barriers to employment included 1) unemployed 15 out of 26 prior weeks; 2) not a high school graduate; 3) reading skills below seventh grade level; 4) criminal record; 5) physical handicap; 6) war veteran; 7) long-term welfare recipient; 8) over age 55 years; 9) limited English speaking ability; and 10) displaced homemaker (Orr, 1996, p. 20)
example, the Highlander Economics Education Project developed education curricula on economic development in Appalachia and used it to help citizens in deindustrialized rural communities to develop their own economic development strategies. Community members participated in a series of courses designed to “empower them to analyze economic problems…, develop solutions themselves to rural joblessness…, participate effectively in policy-making on economic development, and …gain the skills they need to make community-based economic development work” (Lewis & Gaventa, 1988, p. i). These courses lasted ten to sixteen weeks and were offered in community workshops or at local community colleges.

It is possible to envision a comprehensive workforce program that balances all three approaches or holistically integrates elements of each into a seamless program. This would require a workforce policy that balances efficiency goals with social equity goals; clearly links vocational, academic, and critical education; and provides expanded employment-related and social services to meet the particular needs of different groups. In general, this has not occurred in the U.S. workforce education and training system where the human capital approach has been followed in most aspects of planning and program development.

**RATIONAL ECONOMIC MODELS USED IN THE HUMAN CAPITAL APPROACH TO WORKFORCE TRAINING**

The human capital approach to workforce education and training employs rational economic models to make decisions. Commonly used models include manpower forecasting, rate of return analysis, and cost/benefit analysis. For example, manpower forecasting is used to calculate projected demand for workers by industry sector and occupational skill areas; rate of return analysis is used to determine optimal resource allocation to education and training programs; and cost/benefit analysis is used to evaluate the cost effectiveness and relative efficiency of programs (Klees, 1986; U.S. Department of Labor Employment and Training Administration, 1995). Some neoclassical economists argue that these models are scientific, objective, and universally applicable; but other economists have argued they are theoretically and methodologically flawed (Blaug, 1989;

Most recently, manpower forecasting models have been used to generate labor market and occupational forecasts with the goal of giving workforce program participants and administrators information needed to make education and training decisions. Labor market forecasts and occupational demand information are provided in a database as part of the core services provided to all participants (referred to as customers) who receive services under a new market-oriented, consumer-driven approach to service delivery. The goal is to “empower and enable customers with choice and information” via access to labor market information about occupational demand, careers, and skill trends so that both individual workers and employers can “make more-informed decisions that will collectively improve the labor market’s efficiency (Landini, 1995, p. iv; U.S. Congress, 1994, p. 20). In addition, priority is placed on job training for forecasted high-demand occupations (O’Leary, et al., 2004; U.S. Department of Labor Employment and Training Administration, 2003).

**Problems with Labor Market Forecasts**

The problem with labor market forecasts is they assume labor markets are relatively stable when in fact, global shifts have occurred and markets are more fragmented and less stable. Aggregated national data used in modeling demand is often inaccurate or erratic and may not reflect realities in rapidly changing local markets. “In some communities closing one plant drastically alters the economic picture and hence, [increases] the demand for education and training” (Herschbach & Davis, 2000, p. 10). This poses particular problems for retraining displaced workers for new occupations.

In response to rapid changes in local labor markets, the tendency has been to tailor the services of local education and training providers to meet workforce training program priorities. However problems arise when these services and outcomes do not match local community or client needs. Federally-funded training programs favor short-term skills training for forecasted
in-demand occupations based on regional employer demand and this affects what is offered by education and training providers.

This approach presents several problems. First, the best paying, more secure jobs are usually in high-skill occupations requiring at least a bachelor’s degree, but funded training in federal workforce programs is limited to two years (U.S. Department of Labor Employment and Training Administration, 2004a). Second, the distribution of in-demand jobs in urban and rural communities within a single forecast region may be quite different. There are usually more in-demand jobs in urban areas than in rural areas. Thus, displaced workers may choose training for an occupation that is forecasted as high-demand at the national or regional level but does not exist in their local community. Some may reject training because they might have to relocate to get such jobs (Decker & Corson, 1995; U.S. General Accounting Office, 2000). Third, some will find the occupations they wish to pursue are not funded for training because they are not forecasted as in-demand (Lalonde, 1995; O’Leary, et al., 2004, p. 9). Finally, in regions where forecasted job growth is primarily in low-wage service sector jobs, the tendency will be to provide short-term training for those jobs to achieve quick placement and meet cost efficiency goals (Dickinson, Kogan, et al., 1992; Kletzer, 2001). However, these jobs typically have limited career options and lower earnings and benefits than manufacturing jobs (Ainsworth, Oakley, & Romero, 1993 cited in Landini, 1995; Decker & Corson, 1995; Kletzer, 2001; U.S. General Accounting Office, 2000).

**Uses of Labor Market Forecasting in the Workforce System**

Forecasts about national, state, and regional labor markets, sectoral growth, and demand by occupational areas are currently used by federal workforce planners to make decisions about the kinds of post-secondary education and training programs that are offered (U.S. Bureau of Labor Statistics, 2007b). In addition, local-level employment service officers and career center staff, education and training providers, and individual customers also make decisions based on information from these forecasts. Local workforce career center websites feature access to O*NET and The Source, a federal database that provides state and regional profiles of labor markets, industries, and occupations (O*NET, 2009;
Tennessee Department of Labor and Workforce Development [TDLWD], 2009).\textsuperscript{66} They are intended to assist workforce program customers in choosing among education and training options and to aid career center staff in assisting them.

**IMPLICATIONS OF A CONSUMER-DRIVEN WORKFORCE SYSTEM**

In promoting a market-oriented, consumer-driven approach to workforce education and training, Secretary of Labor Reich noted in 1994 that government policy and programs should reflect how economic restructuring had affected the job security of millions of Americans. He further noted that the most vulnerable groups--women, low-income workers, minorities, and the unskilled—stood to “benefit the most from a more effective reemployment system.” He stated:

We must not offer Americans the false hope of burrowing into a single job for life. Instead, we must equip them to find security through skills and flexibility that will let them face a changing economy with confidence. (U.S. Congress, 1994, p. 8)

It is difficult to predict how the most vulnerable workers will use the workforce education system. Will they be able to make optimal decisions about education and training and make realistic assessments about their future employment options in complex and changing labor markets that offer less job security? Does the consumer-oriented approach truly empower them, or does it give them the “false hope” that Secretary Reich warned must be avoided (U.S. Congress, 1994, p. 8)?

As discussed in the next section, decentralization of decision-making to individual participants, local governments and employers in the workforce system is relatively new. However, this emphasis on the efficiency of individual decisions regarding educational investments is consistent with the human capital approach. It symbolizes the faith that politicians and policy-makers have placed in the new market-oriented, consumer-driven approach to workforce education and training that relies on more on individual consumers and employers to make efficient decisions. However, their choices are limited by the

\textsuperscript{66} These information databases are now part of the “core services” offered to all customers under the Workforce Investment Act. For example, see these links from a Tennessee career center website at <http://www.netcc.org/netnjobseekerservices.htm> (Northeast Tennessee Career Centers [NTCC], 2008).
constraints of the workforce system and complicated by the uncertainty of labor markets in the free-market economy. What remains to be seen is whether their decisions “will collectively improve the labor market’s efficiency” by matching the future outputs of the education system to the future demands of labor markets. If so, then this approach may offer an apolitical solution to the perceived skills mismatch dilemma while also meeting workers’ needs for more stable employment with increased earnings capacity. As a policy, it represents the neoliberal, free-market approach that rejects a more comprehensive employment policy that deals with the social and economic complexities involved in addressing the employment security of workers in a dynamic global economy.

WORKFORCE TRAINING PROGRAMS FOR DISPLACED WORKERS

In this section, I present the results of my findings from an analysis of government documents and websites (at the federal, state, and local level) and review the history of some early major workforce training programs for adults. This history shows how the federal workforce education and training system has evolved over four decades in keeping with the human capital approach (discussed in Chapter 2) to emphasize job skills training to meet the needs of employers and to increase national competitiveness. I then discuss my findings about more specific programs for displaced workers, including program goals and priorities, administration and funding, and services offered. This section addresses specific question 4, in part, by identifying and describing the specific workforce education and training programs (i.e., EDWAA, TAA, and NAFTA-TAA) that were available to the displaced workers in the community of Alongways County. I conclude this chapter with findings from other research studies regarding the effectiveness of these programs and outcomes for displaced workers and for deindustrializing communities that have relied on these programs as major economic adjustment strategy.

A Brief History of Early Adult Programs in the Workforce System

Since the 1960s, the federal workforce system has been continually revised and completely overhauled to deliver education and training “efficiently and effectively at the lowest possible cost (Carnevale, 1995, p. ii). A history of changes in the system’s goals and
operations illustrates how it has been shaped to reflect priorities of the human capital approach. Its primary goal has shifted from poverty alleviation and job creation to increasing productivity and national competitiveness through job skills training. In addition, more administrative, operational, and funding responsibilities have been shifted from the federal government to state and local governments and the private sector (Reville & Klerman, 1996). As a result, a new institutional structure and program design placed more authority over program planning, administration, operations, monitoring, and accountability at the sub-state level (Landini, 1995; NCEE/NCSAW, 2008).

**Manpower Development and Training Act of 1962**

The Manpower Development and Training Act (MDTA) was enacted in 1962 under the Kennedy administration with the goal of assisting displaced workers who had lost jobs due to labor automation. When the Economic Opportunity Act was passed in 1964 under the Johnson administration, MDTA shifted its focus to alleviating poverty and increasing the earnings capacity and employability of economically disadvantaged adults and youth who were low income or on welfare. MDTA programs were administered directly by the DOL and featured occupational classroom training, vocational and technical school training, and subsidized on-the-job training (Lalonde, 1995). Funding was allocated to local governments based on population and poverty estimates and disbursed via competitive grants. Its demise in 1969 came partly due to its ineffectiveness, lack of coordination, and service duplication (O’Leary, et al., 2004; Reville & Klerman, 1996). Women benefited most from MDTA training with annual earnings increases ranging from $311 to $2,160. However, men’s earning changes ranged from losses of $1,850 to gains of $1,150. For most participants, the earnings increases lasted only a few years (Lalonde, 1995).

**Comprehensive Employment and Training Act of 1973**

Because the federal government added many new employment programs in the 1960s, the Comprehensive Employment and Training Act (CETA) was passed in 1973 (under the Nixon administration) to consolidate several of them. These programs primarily targeted economically disadvantaged adults and youth and welfare recipients. The federal governments gave states

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67 These MDTA program earnings increases were expressed in 1990 dollars based on non-experimental studies of disadvantaged adults from 1964-72 (Lalonde, 1995, Table 1).
more responsibility for administering and operating programs. Federal manpower grants were allocated to state and local governments through revenue sharing to give them more flexibility to fund programs that met local priorities. It also gave state and local governments the authority to administer and operate job training and public sector employment programs for the unemployed from targeted groups. The federal government retained the authority to regulate programs and approve program plans. Regional (sub-state) councils were established with members from private industry, education, and labor to advise local government officials, but these councils had no management authority. Employment training for participants included occupational classroom and on-the-job-training, soft skills training, and public sector work experience (Lalonde, 1995; O’Leary, et al., 2004; Reville & Klerman, 1996).

CETA classroom training included skills training (e.g., clerical, craft jobs, and service jobs) and basic educational skills (e.g., GED and ESL) (U.S. Congressional Budget Office, 1982). However, job creation was a major component of this program. In response to rising unemployment during a recession in the 1970s, the Ford and Carter administrations expanded the public sector employment programs to create more jobs for unemployed members of disadvantaged groups. In 1980, “forty percent of all participants were enrolled in work-experience programs in public and non-profit organizations” and thirteen percent were enrolled in on-the job training and these types of subsidized jobs usually lasted 20 weeks (U.S. Congressional Budget Office, 1982, p. 9). However, there was an expectation that trainees would continue to work for employers that trained them.

For disadvantaged groups, on-the-job training was more effective in raising earnings than classroom training. Low-income women benefited the most from participation in CETA programs with annual earnings increases of approximately $20 to $2,000. However, CETA ended when Congress let it expire in 1982 due, in part, to the lack of success in raising employment rates and earnings for male participants, whose earnings changes ranged from a loss of $1,210 to a gain of $1,350.68 Also, CETA lost political support due to media criticism of mismanagement in its public sector employment programs (Lalonde, 1995; O’Leary, et al., 2004). As discussed earlier, CETA’s expiration also gave the Reagan administration an

68 These CETA program earnings increases estimates were expressed in 1990 dollars based on six non-experimental studies in 1976, 1964-72 (Lalonde, 1995, Table 1).
opportunity to decrease the federal government’s role in the workforce system, to halt job creation as part of workforce training programs, and to construct new employment policies that fit with its macro-economic policy objectives [Lafer, 2002; O’Leary, et al., 2004; Reville & Klerman, 1996].

**Job Training Partnership Act of 1982**

The Job Training Partnership Act (JTPA) replaced CETA in 1982. It was a comprehensive education, training and employment act that consolidated numerous federal programs for adults and youth. Additional JTPA job training programs served economically disadvantaged youth (ages 14-21), Native Americans, veterans, and migrant and seasonal farm workers (Landini, 1995). Its major job training programs for adults (ages 22 and older) were Title II-A for economically disadvantaged adults and Title III for displaced workers. Of all JTPA programs, Title II-A and Title III programs served the largest number of participants and received the largest shares of federal funding during the 1990s (Landini, 1995; O’Leary, et al., 2004). Economically disadvantaged adults were those with “family income equal to or below either the poverty guideline set by the U.S. Office of Management and Budget or 70 percent of the lower living standard set by the DOL (Orr, 1996, p. 20).

In a major departure from CETA, JTPA prohibited job creation via public sector employment in workforce programs and emphasized job training for private sector employment (Lafer, 2002; O’Leary, et al., 2004; Reville & Klerman, 1996). Overall, JTPA programs placed more emphasis on increasing participant earnings, private sector employment for welfare recipients, and reemployment of displaced workers. Its more narrow training services “limited training choices to skills that were in demand by local employers” (Lalonde, 1995; O’Leary, et al., 2004, p. 9). JTPA also brought cuts in expenditures and services in programs for the poor. From 1982-94, job training costs for economically disadvantaged adults were cut from $4.4 billion to $2.2 billion primarily by eliminating training stipends (income support) to participants which the Reagan administration considered welfare transfer payments. This effectively raised training costs borne by participants (Lafer, 2002; Lalonde, 1995; Reville & Klerman, 1996).

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69 The definition of dislocated workers and specific programs for them are discussed in a later section of this chapter.
Decentralization with JTPA and its Effect on Programs

JTPA also further decentralized the governance and funding of the workforce system by reducing the federal government’s role in the administration and operation of workforce programs. The initial establishment of JTPA as a state and local partnership to handle these responsibilities accomplished a key political goal of the Reagan administration by shifting funding control from liberal Democrat-controlled municipalities to state governors who were, at that time, predominantly Republican and fiscally conservative. At the sub-state level, private Industry Councils were made partners with local elected officials which gave the business community more control over program operations with flexibility to tailor workforce programs to meet regional economic development goals and the needs of local employers (Lafer, 2002; Landini, 1995; NCEE/NCSAW, 2008; Rothstein, 1989;).

The decentralized institutional structure of JTPA was quite evident in the planning responsibilities that were spread across multiple levels of government and the private sector. Planning decisions made by the federal government determined how federal funds were allocated down to the states and special national programs. State governments focused on planning funded programs and activities to be offered and on monitoring programs. At the sub-state (local) level, planning focused on job training and service delivery, either directly or through contracted service providers. State certified local providers (e.g., formal education institutions, private training facilities, and private businesses) planned specific education and training curricula to meet program requirements for a variety of education and training options including remedial, GED, and post-secondary degree programs, occupational certifications, and on-the-job training. All were striving to meet the mandated goals and conflicting needs of individual customers, employers, and different levels of government (Dickinson, Logan, et al., 1994; O’Leary, et al., 2004; Orr, 1996; Reville & Klerman, 1996).

The Use of Performance Goals and Effects on JTPA Programs

The devolution of control created the opportunity for states and local program operators to pursue their own goals that conflicted with the intentions of the federal government. To discourage this, the federal government set national performance standards for program outcomes for the first time. It allowed states to modify these measures and use
incentives and sanctions for local administrative entities that met or did not meet state standards (e.g., participant employment rates and average wage at reemployment). Evaluations were used to assess short-term performance (used for granting incentive rewards) and cost effectiveness (used for determining which programs would be continued). However, the short-term outcome performance measures used were largely unrelated to the long-run employment and earnings outcomes of participants (O’Leary, et al., 2004). This performance monitoring system affected several aspects of sub-state program operations. Some local program administrative entities chose participants who were easier to train and reemploy at higher wages while excluding those who were harder to serve (referred to as “cream skimming”). The transfer of performance incentives also changed the relationship between these administrative entities and contracted service providers. Providers tended to focus on meeting specific performance measures to get incentive rewards (O’Leary, et al., 2004; Reville & Klerman, 1996).

**Displaced Workers and Assistance Programs in the 1980s and 1990s**

During 1980s and 1990s, million of workers in the U.S. were displaced following mass layoffs and plant closings due to production restructuring, deindustrialization, and outsourcing (National Commission for Employment Policy [NCEP], 1991). For example, for 1981-86, approximately 11 million workers were dislocated from mass layoffs (NCEP, 1991). For 1996-2000, just over 8 million were dislocated from mass layoffs (U.S. Bureau of Labor Statistics, 2009).

Although displaced workers are a diverse group, they were targeted with special workforce employment assistance programs because of the following characteristics and experiences they share: major psychological stress and sudden financial problems after layoffs, lack of information about job markets, no recent job-hunting experience, long work histories, and obsolete or low-demand skills (Dickinson, Logan, et al., 1994). Displaced worker programs have typically focused on giving clients new skills for reemployment by providing employment retraining, readjustment services, and needs-related payments.

**Assistance Programs 1982-1988**

Prior to 1982, displaced workers had received job search and referral assistance through the state Employment Service (ES) and unemployment benefits through the Unemployment Insurance system (UI). Those displaced workers whose jobs had been lost due to competition from increased imports were eligible for cash benefits (in lieu of UI), job search and relocation...
assistance, and employment retraining under the Trade Adjustment Assistance Act (TAA) of 1974. As record numbers of workers became displaced due to mass layoffs in the early 1980s, Title III of JTPA was passed in 1982 to assist displaced workers not eligible for services under TAA. Title III of JTPA provided job placement-related and occupational training services (National Commission on Employment Policy, 1991).

Title III of JTPA defined a displaced worker was as the following: someone who has been laid off or gotten notice of his or her impending layoff due to a permanent facility closure or substantial layoff and is not likely to work in that occupation or industry again; is entitled to draw or has exhausted unemployment benefits; or is long-term unemployed with limited chances for reemployment in the same occupation in his or her local area including older workers with barriers to employment due to age (National Commission on Employment Policy, 1991). In 1986, the definition of a displaced worker was expanded to include self-employed individuals who became unemployed because of a natural disaster or poor economic conditions in their communities. This included the growing numbers of displaced farmers and small business owners who had been displaced due to competition from cheaper imports and deindustrialization in their communities.

Because there was little coordination of services between displaced worker programs and state administrative agencies, many services were duplicated and this greatly increased program and administrative costs. Also, only a small proportion of displaced workers were receiving assistance through these programs. A national study of TAA found that only 30,000 individuals were assisted annually and about 13,000 entered training each year between 1982 and 1990. TAA recipients were also jobless much longer than UI exhaustees (74 weeks vs. 42 weeks) and had lower earnings during the first 3 years of reemployment (Decker & Corson, 1995). Evaluations of the JTPA Title III programs in the 1980s also found only a small proportion of displaced workers were being served and identified several problems that had limited service delivery and effectiveness. These included the under use of allocated funds; an overuse of job search assistance and short-term training; the inability of states to respond rapidly and assist localities after mass layoffs; and localities’ disincentives to deliver services due to local matching fund requirements (Dickinson, Kogan, et al., 1992).

**Assistance Programs 1988-2000**
These problems were subsequently addressed by the Omnibus Trade and Competitiveness (OTC) Act of 1988. It revised the Trade Adjustment Assistance Act (TAA) to require displaced workers to participate in training in order to receive cash benefit payments. It amended JTPA Title III with the Economic Dislocation and Worker Adjustment Assistance Act (EDWAA) which required “states to establish Dislocated Worker Units to provide rapid response activities and to coordinate services provided by ES, UI, TAA and the agencies administering JTPA programs” (NCEP 1991, p. 6). EDWAA also increased the proportion of JTPA Title III federal funding allocated to states and sub-state areas and eliminated the local area funding matching requirement. It also required more of the state and local funds be spent on displaced worker training services and expanded the definition of displaced workers to include ranchers and displaced homemakers. In addition, OTC created the Worker Adjustment and Notification Act (WARN) (Landini, 1995; National Commission on Employment Policy, 1991). WARN, EDWAA, and TAA are discussed in greater detail below because of their relevance to this dissertation study.

**The Worker Adjustment and Notification Act (WARN)**

The Worker Adjustment and Notification Act (WARN) requires a business to give 60 days notice in advance of a mass layoff or plant closure if there are more than 100 people employed. Notice must be given to workers, their union, the local government, and their state’s Displaced Worker Unit. A business may incur civil penalties and liabilities for worker back pay for violating WARN. The goal of this act was to give workers and their communities a transition period to begin receiving rapid response services through displaced

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71 JTPA still existed after 1988. Because EDWAA amended the JTPA Title III program for dislocated workers, it became the term that was commonly used to refer to that program.

72 Displaced homemakers are those who were dependent on another and have lost that support (Landini, 1995; U.S. Department of Labor Employment and Training Administration, 1998)

73 The dislocated workers I studied became eligible for employment services under dislocated worker programs after they were laid off due to a permanent plant closure in February of 1999 in Tennessee. This was during the WIA transition period (July 1, 1999-June 30, 2000). Those individuals who enrolled for programs prior to the full implementation of WIA received services under old program rules (D’Amico, et al., 2004, p. II-8). The dislocated workers in my study met EDWAA criteria (discussed below) and were certified for EDWAA services shortly after layoff. In August 1999, they received federal certification for NAFTA-TAA program services (U.S. Office of the Federal Register [OFR], 1999).

74 State Dislocated Worker Units are responsible for delivering rapid response services to workers and their communities after a mass layoff. These services are discussed in a later section of this chapter.
worker programs, and to give workers time to look for new jobs or to begin employment retraining (National Commission on Employment Policy, 1991).

**The Economic Dislocation and Worker Adjustment Assistance Act (EDWAA)**

**Purpose and specific goals**

EDWAA was designed to emphasize rapid response activities for early intervention after layoffs; longer-term worker retraining; and coordination of services across programs, and between state and sub-state government agencies and the business community (Dickinson, Kogan, et al., 1992; Rothstein, 1989). It identified seven priorities to reach more displaced workers and improve service delivery: (1) creation of state-level Dislocated Worker Units to provide rapid response assistance to workers and sub-state service delivery areas in advance of plant closures and large layoffs; (2) coordination of labor and management efforts in planning services for workers prior to plant closures and layoffs; (3) coordination of EDWAA services and funding streams with that from other government and private programs designed to assist displaced workers, including TAA, ES, and UI; (4) expansion of program services and funding to reach 45% of eligible displaced workers annually; (5) promotion of a long-term approach to worker readjustment including an emphasis on longer-term retraining and supportive services to help workers get reemployment in occupations with long-term potential; (6) decentralization of service delivery to sub-state areas and improvement of their capacity to plan and administer services; and (7) planning and budgeting at the state and sub-state level with accountability for program services and outcomes (Dickinson, Kogan, et al., 1992; Landini, 1995).

The decentralization of specific responsibilities was mandated by EDWAA. JTPA Title III programs for displaced workers had been a state-administered program, but EDWAA amended it to “established a strong local role in program administration and service delivery” while carefully delineating the responsibilities of each level of government (Rothstein, 1989, p. 23). Because it was the primary program that assisted displaced workers from 1988-2000, its institutional structure also affected the delivery of employment, education, and training services through the other displaced worker programs. This multi-layered institutional structure and the responsibilities of each level are discussed here because they affect how, why, and what services are delivered to displaced workers.

**Federal responsibilities**
The federal government retained responsibility for the following: setting standards and monitoring state program performance; coordination of labor market and occupational information systems; providing research and technical assistance to states; and administering and operating national programs and demonstration projects. The federal government also increased federal funding for programs. “In 1985, JTPA Title III programs were funded at $315 million and served about 145,000 new enrollees”, in 1992, under EDWAA, funding rose to $560,000 million with 315,000 served, and in 1997, it increased to $1.2 billion and served 580,000 (Barrett, 2001, p. 9). EDWAA mandated that a greater share of federal funds (80%) for displaced worker programs be allocated down to state governments via block grants. State governments were mandated to reallocate 60% of these federal program funds down to the sub-state level. These allocations are based on funding formulas that consider each state’s relative numbers of persons who are unemployed, the excess number of unemployed, and the number of long-term unemployed (15 weeks or more), and displaced workers’ readjustment assistance needs (Landini, 1995; O’Leary, et al., 2004; Reville & Klerman, 1996).

State responsibilities

State governments were given responsibility for providing and coordinating rapid response assistance to displaced workers and establishing Dislocated Worker Units and rapid response teams to deliver these services to local areas. EDWAA also increased the program accountability and oversight role of state governments. Other state responsibilities included the following: developing and operating special or state-wide programs; coordination of services between federal job training programs and related programs (e.g., adult and vocational education, employment services, and social welfare programs); development of state plans for programs; making sub-state funding allocations; designation of the geographic sub-state areas; training and assistance to sub-state area staff; budget oversight over sub-state areas and approval of their program plans; and monitoring sub-state areas’ performance and expenditures; (Landini, 1995; Reville & Klerman, 1996; Rothstein, 1989; U.S. Department of Labor Employment and Training Administration, 1998).

75 Just over 1.5 million were dislocated from mass layoffs in 1997, or about 33% were served which was still below the goal of serving 45% (U.S. Bureau of Labor Statistics, 2009).
In addition, State Job Training Coordinating Councils (SJTCCs) were established to advise governors on decisions related to workforce programs and prepare state plans for program and activities. SJTCCs members were from business and industry (30%); state and local governments, state and local education and employment-related agencies (30%), labor unions and community-based organizations (30%), and the general public (10 %) (National Commission on Employment Policy, 1991; Rothstein, 1989).

**Sub-state responsibilities**

Sub-state areas were designated by state governors as geographic regions within states that were consistent with labor market catchment areas for the purpose of program administration and service delivery (Barrett, 2001). Local government units submitted designation requests to the state and requesting areas with a population of 200,000 automatically received this designation (National Commission on Employment Policy, 1991). A sub-state area may consist of one for more counties or municipalities that form a labor market catchment area. The designation of an area was particularly important because of the increased role of sub-state areas in administering and delivering services and considered factors including an area’s capabilities for service delivery and coordination of services with human services and economic development programs. Area designations also affected state funding allocations in particular—those areas with less political power and small rural sub-state areas were potentially disadvantaged (Rothstein, 1989).

**Local control through public-private partnerships**

Sub-state areas were given primary responsibility for program planning, administration, and service delivery to displaced workers living in the area. Local elected officials and Private Industry Councils (PICs) from each sub-state area were required to review and comment on sub-state area program plans and provide policy guidance to and oversight of sub-state grantees (see below), but they held the power to take a more active role in sub-state planning, oversight, and program responsibilities. Elected officials included mayors, county commissioners, or other heads of local government units included in the sub-state area. They appointed PIC members and were required to select the majority from the region’s private industries. Other members were from appointed from local labor and community organizations and local offices of public agencies (e.g., economic development and employment services) (U.S. Department of Labor
Employment and Training Administration, 1998). Together, elected officials and PICs could exercise considerable control over sub-state programs and activities through the designation of sub-state grantees. The sub-state grantee was required to be reviewed and designated every two years by negotiated agreement with the state governor. PICS and local government units were allowed to designate themselves as the sub-state grantee, but other entities could be designated, including private non-profit organizations, local offices of state agencies, or other public agencies.

PICs have been found to vary in their functions and the degree of their effectiveness and have been criticized for focusing on prior programs that had the most programmatic and fiscal success instead of designing more creative programs. In a study of their effectiveness, researchers recommended that “more attention needs to be paid to training for jobs with well-defined career ladders and specific skills that are transferable to a variety of job clusters (Ainsworth, Oakley, & Romero, 1993 cited in Landini, 1995, p. 13).

**Sub-state grantee responsibilities**

In each sub-state area, program planning, administration, and service delivery responsibilities were carried out by a sub-state grantee which was a designated administrative entity that received state-allocated funding (Barrett, 2001; Rothstein, 1989). Administrative responsibilities of sub-state grantees included the following: “development of local job training plans; decisions about services to be provided; development of program budgets; service coordination with other local training, employment, and education programs; selection of local service providers of training and employment services; documenting program performance and outcomes; and providing fiscal and program information to the state” (Landini, 1995, p. 49). Services were delivered directly by the sub-state grantee or could be contracted through agreements with service providers. These included retraining services, basic readjustment services, and need-related payments (Rothstein, 1989).

**Service provider responsibilities**

Sub-state grantees contracted with local service providers to provide some services which have included the following: assessing displaced workers skills and needs; screening and selection of participants for training; providing employment, education, and training services; and tracking and reporting performance and outcomes (Landini, 1995). These providers may be
“community-based organizations, private businesses, private training organizations, or educational institutions” (Landini, 1995, p. 50).

**The service delivery process**

The process of service delivery and specific entities that deliver services varied (within the limits allowed by law) among states and sub-state areas. Some established a single umbrella agency to coordinate delivery of services under EDWAA, but others contracted with the state Employment Security agencies to serve as the single point of entry for services after dislocation. In these situations, coordination was established between ES, sub-state grantees, and other agencies through financial contracts and interagency agreements (National Commission on Employment Policy, 1991).

**Rapid response services.** After the state Displaced Worker Unit received notification of a planned mass layoff or plant closure as required through WARN, it coordinated the delivery of rapid response services to workers through sub-state rapid response teams. These services were intended to be delivered within a few weeks after receiving the WARN notice. These teams typically consisted of representatives from the following: the state Displaced Worker Unit, the local office of the state Employment Service (ES), the sub-state grantee, the employee union (if applicable), and various contracted service providers (e.g., local adult education, community colleges, and human services agencies, and others). The rapid response team held mass orientation sessions to give workers information about how to apply for unemployment benefits; to educate them about the variety of employment, education and training services that were available to them under EDWAA (and TAA, if applicable); and how to access these services through state and local agencies and contracted providers (National Commission on Employment Policy, 1991; TDLWD, 2008).

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76 The dislocated workers studied in this dissertation received services in the state of Tennessee. The Tennessee Department of Labor had not established a single umbrella agency to coordinate delivery of services under EDWAA, but it had contracted with the state’s office of Employment Security (ES) to serve as the single point of entry for services after dislocation. Coordination was established between ES, sub-state grantees, and other agencies through financial contracts and interagency agreements. This describes the general process used for service delivery in the sub-state area of Tennessee where the dislocated workers in this study lived and received services (NCEP, 1991).
**Entry into the workforce system.** Displaced workers entered the workforce service system through the local ES office which served as the single point of entry and determined their eligibility for services under EDWAA or other programs.\(^77\) The ES office processed workers’ unemployment insurance benefit claims after layoff and provided some basic readjustment services which included initial outreach and intake services, access to labor market and job search-related information (via computerized databases and job listings). The ES then referred eligible displaced workers to the sub-state grantee for other services available under EDWAA and to appropriate human service and other government agencies as necessary (National Commission on Employment Policy, 1991; personal communication with Tennessee sub-state grantee, 2003).

**Basic readjustment services.** The sub-state grantee\(^78\) or its contracted providers delivered the following basic readjustment services intended to help displaced workers find new employment: Pre-layoff, relocation, and early readjustment assistance; additional assessments (e.g., education, interests, job skills, and occupational aptitude testing); career counseling; individual readjustment plans; and supportive services to enable retraining (e.g., transportation assistance, childcare, personal and financial counseling, stipends for books and other training-related materials) (D’Amico, et al., 2004; Landini, 1995). The sub-state grantee made determinations and recommendations about the type of training and length of training that was appropriate for an individual based on information from the basic readjustment services assessments.

**Education and retraining services.** Contracted service providers delivered the following retraining services designed to give displaced workers new skills to ready them for new kinds of employment: basic and remedial education (reading, mathematics, and basic computer skills as prep for further skill training); adult education (GED preparation); literacy and English language training (for non-English speakers); classroom training; occupational skill training; on-the-job

\(^77\) A worker who met the definition of a dislocated worker under EDWAA was eligible for that program’s services. Only the federal government can certify workers as eligible for TAA.

\(^78\) The elected official and PIC in the sub-state area where the workers in this study received services had designated a non-profit organization as its sub-state grantee.
training; and entrepreneurial training (D’Amico, et al., 2004; Landini, 1995; O’Leary, et al., 2004).

*Needs-related payments.* Income support was sometimes available to participants who exhausted their unemployment insurance benefits (or did not qualify for UI) but were enrolled in EDWAA education or training programs. To qualify, they “must have been enrolled in such programs by the thirteen week of unemployment or by the eighth week after learning their layoff would last more than six months” (Barrett, 2001, p. 10; Landini, 1995).

**Trade Adjustment Assistance Acts**

The Trade Adjustment Assistance program was passed in 1962. It was originally intended to provided cash Trade Readjustment Allowances (TRA) as supplemental unemployment to workers who had lost jobs due to trade liberalization from the Trade Expansion Act of 1962 (Barrett, 2001; Lalonde, 1995; Landini, 1995). Today, its goal is to “help trade-affected workers return to suitable employment as quickly as possible” (Tennessee Employment Security Division, 2009, par. 1).

It was revised in 1974 to expand eligibility to workers who had lost jobs due to other foreign trade liberalization activities (Barrett, 2001). In 1985, it was revised to require eligible displaced workers to participate in job search assistance as a condition for receiving TRA payments (National Commission on Employment Policy, 1991). In 1988 the Omnibus Trade and Competitiveness Act revised TAA to require eligible displaced workers who receive TRA payments to participate in retraining services (National Commission on Employment Policy, 1991). OTC also required increased coordination of TAA funding with other displaced worker programs, particularly with EDWAA, and mandated links between TAA, WARN, and EDWAA to coordinate responsibilities between state and sub-state agencies for the delivery of common services to avoid service duplication.

**TAA eligibility**

Workers (including farmers) who lost jobs or significant work hours due to competition from an increase in foreign imports could petition for eligibility for TAA assistance.\(^79\) It did not cover workers whose firms moved to a foreign country. Normally, a group petition was filed

\(^79\) Worker who had work hour cuts and wage cuts to 80% or less of their weekly average due to competition from foreign imports or production shifts to foreign countries could also petition for TAA eligibility.
with the DOL by workers or other representing them (e.g., their union, the state Employment Service (ES), or state Displaced Worker Unit). To file, a minimum number of workers in a firm had to be affected.\textsuperscript{80} After receiving the petition, the DOL investigated whether the workers had been affected by import competition and had 60 days to issue a ruling (U.S. General Accounting Office, 2000). If so, an eligibility certification was issued by the DOL and the workers could apply for TAA benefits (U.S. Department of Labor Employment and Training Administration, 1993, item 3, p. 2).

\textit{NAFTA-TAA eligibility}

In 1993, NAFTA-TAA was added after the passage of the North American Free Trade Agreement. It targeted displaced workers who lost jobs or work hours because of competition from imports from Mexico and Canada, or because of production shifts or the relocation of firms to those countries (U.S. Department of Labor Employment and Training Administration, 1993). NAFTA-TAA was similar to the TAA program in terms of services offered but it differed in some ways. State governors accepted NAFTA-TAA group petitions, gathered data from the trade-impacted firms to aid in the DOL investigation, and then issued a preliminary ruling on eligibility within 10 days. The intent was to expedite delivery of rapid response and basic readjustment services by the state to eligible displaced workers if certification of eligibility seemed likely. The petition was then sent to the DOL which had 30 days to complete its investigation and issue an eligibility ruling (U.S. General Accounting Office, 2000).

Workers who met conditions of for eligibility for both programs could apply and be certified under either program, but a worker had to choose one from which to claim benefits (U.S. General Accounting Office, 2000).\textsuperscript{81} Under both programs, the DOL notified the state Employment Service (ES) of its determination and the ES notified workers. If certified, eligible workers then applied individually for services through the local ES office. Under both TAA and NAFTA-TAA, a group certification of eligibility applied to all workers from the same firm (or subdivision thereof) that were laid off during the year prior to the petition

\textsuperscript{80} The minimum was 5\% of the workforce in firms or subdivisions of multi-division firms with 50 or more workers, or 3 out of 49 workers in small firms.

\textsuperscript{81} "The DOL estimated that 75\% of NAFTA-TAA certified workers were also covered by TAA petitions" (U.S. General Accounting Office, 2001a, p. 6).
filing or two years after the certification in order to cover multiple layoffs from the same cause (U.S. Department of Labor Employment and Training Administration, 2004a).

The Service Delivery Process

After a layoff notification was received under WARN, rapid response services were delivered, and if a petition for certification of eligibility had not been filed, workers received information about how to do so and about the TAA and NAFTA-TAA programs during the orientation session. With few exceptions services were the same for both programs (U.S. Department of Labor Employment and Training Administration, 2004a).

Service delivery was the responsibility of the state Employment Service but funding came from the federal government. TAA and NAFTA-TAA funds were dedicated for certified workers in those programs, but after funds were exhausted, EDWAA or other appropriate funds were allowed to be used if available. The availability of services depended on funding availability and states’ ES capabilities to deliver them. The ES could contract with service providers to deliver services. Thus, services were often provided through local service providers that were delivering similar services under EDWAA (Landini, 1995; National Commission on Employment Policy, 1991). However, the state Employment Service offered only limited job placement and referral services. EDWAA offered additional reemployment services, but most training was six months or less; there was little to no funding for income support payments while in training. The advantage of the TAA and NAFTA-TAA programs for workers was their emphasis on longer-term training and income support payments while in training (Decker & Corson, 1995).

Services under TAA and NAFTA-TAA

Reemployment services. Reemployment services were intended to help workers find a new job, or identify appropriate training programs, and help them obtain reemployment after training. These services included employment counseling, resume writing and interview skills, career assessment, job development, job search programs, and job referrals.

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82 The following description of TAA services is adapted from U.S. Department of Labor Employment and Training Administration (2004a) unless noted otherwise.

83 EDWAA was a much larger program for dislocated workers with more federal funding and TAA- or NAFTA-TAA-certified workers, by definition, were also eligible for EDWAA. For example, in the fiscal year ending June 30, 2001, federal expenditures for adult and dislocated worker job training was $2.5 billion, or 40% of the total funding, while TAA and NAFTA-TAA spending was $130 million, or 2.1% (O’Leary, et al., 2004, p. 12).
**Job search allowances.** Job search allowances ($800 maximum benefit) covered 90% of expenses incurred in seeking employment outside a worker's normal commuting area if a suitable job was not available in the area. Relocation allowances reimbursed 90% of the reasonable and necessary expenses ($800 maximum benefit) of moving workers and their families when workers had to move to find suitable new employment outside their normal commuting area. These helped workers with marketable skills (before or after training) find non-local jobs (Storey, 2002).

**Occupational training.** Workers who lacked the skills to secure suitable employment in the existing labor market were eligible for training. Training programs prepared workers for specific occupations; the goal was to give them the skills to get long-term jobs at a skill level similar to or higher than their pre-layoff employment at the best wage available. Training plans considered an individual's existing skills and labor market conditions; the duration depended on what was necessary to return the individual to employment. A training program was limited to a maximum of 104 weeks with costs paid out of program training funding (or coordinated with training funding from other programs). Allowable types of training included: 1) classroom training; 2) on-the-job training; 3) customized training designed to meet the needs of a specific employer or group of employers; and 4) basic or remedial education, which included literacy or English as a second language (U.S. Department of Labor Employment and Training Administration, 2004a).

**Training criteria.** In order for an individual to receive training, six approval criteria had to be met: 1) There was no suitable employment for the worker; 2) the worker would benefit from appropriate training; 3) there was a reasonable expectation of employment following training; 4) training must have been be reasonably available to the worker; 5) the worker was qualified to obtain and complete the training, including having adequate financial resources available to complete the training when income support was exhausted; 6) the training was suitable and available at a reasonable cost (U.S. Department of Labor Employment and Training Administration, 2004a).

“The timing of training depended on the timing of certification, the availability of training, and the workers’ own assessment of his or her need for training” (Decker & Corson, 1995, p. 760). Although workers chose the kind of training from approved training programs,
their decisions were influenced by ES program staff (or their sub-contractors) assessments based on the six criteria above, and on funding constraints (Barrett, 2001). Workers could begin training while receiving unemployment insurance (UI).

**Trade Readjustment Allowance (TRA).** These payments were a primary benefit of both programs. They were meant to provide extended income support to individuals while they were participating in full-time training. These were equivalent to the UI compensation that a worker could have received and were paid only after 26 weeks of UI had been exhausted. To receive TRA under NAFTA-TAA, a worker must have enrolled in approved training, or have a valid waiver before the end of the 16th week of their unemployment insurance period, or within 8 weeks of certification. There was no training enrollment deadline for the TAA program (U.S. General Accounting Office, 2000) as long as a worker met the six criteria for training (U.S. Department of Labor Employment and Training Administration, 2004a).

TRA benefits were defined in two categories: Basic TRA and Additional TRA. Basic TRA was, in effect, an extension of unemployment benefits payable for up to 26 weeks if the worker was unemployed and the following had occurred: the worker was already participating in TAA training, or had completed approved training while earning UI, or had obtained a waiver of the training requirement. Additional TRA for up to 26 weeks was payable only if the worker was in enrolled in training (U.S. General Accounting Office, 2000, p. 9). It was meant to assist the worker in completing a longer training program; however, training could last up to 104 weeks, and income support ended at 78 weeks (26 weeks of UI, 26 weeks of Basic TRA, and 26 weeks of Additional TRA). An exception was made for workers whose training time was extended because he or she had taken remedial education prior to entering training. Each week of remedial education taken earned a week

84 Unemployment benefits varied among states. In 1999, the maximum weekly unemployment insurance benefits ranged from $133 in Puerto Rico to $410 in Washington State and the average benefit was $202 (U.S. General Accounting Office, 2000, p. 9). Income support did not replace lost wages. “The average weekly [TRA] payment in FY2000 was $217 under TAA and $212 under NAFTA-TAA; [This was] less than half of the total average weekly earnings [lost], which was $474.38, and considerably less than the average weekly earnings in manufacturing, which was $598.21” (Rosen H., 2002, p. 3)

85 In order to qualify for Additional TRA, an individual must have submitted an application for training within 210 days (30 weeks) of their layoff or of the receipt of certification eligibility, whichever was later.

86 “Benefit receipt for the full 78 weeks would have totaled $15,756, based on the FY1999 average weekly cash benefit of $202” (Storey, 2002).
of Additional TRA up to a maximum of 26 weeks (U.S. Department of Labor Employment and Training Administration, 2004a).

**Training waivers.** Eligible workers could be waived from participating in training and still receive Basic TRA after UI was exhausted if training was not feasible or appropriate and they were still unemployed. As with unemployment insurance, waivers were reviewed for changes every 30 days. A waiver was issued if one of the following conditions existed: the worker could be recalled to his or her old job reasonably soon; the worker had marketable skills for suitable employment and a reasonable expectation of employment in the foreseeable future; the worker was within two years of eligibility for a pension or social security; the worker was unable to participate in or complete training due to his or her health; immediate enrollment was not available; or no training program was available. However, if training was unavailable due to a lack of funding, a waiver could be issued (U.S. General Accounting Office, 2000). Workers with waivers could not receive Additional TRA. Also, the NAFTA-TAA program did not allow training waivers (U.S. Department of Labor Employment and Training Administration, 1993, item 3, p. 2, 2004a)

**Post-2000 Program Changes**

*The Workforce Investment Act (WIA)*

By the late 1990s, the number of federally-funded job training programs had grown to over 150 in programs in 15 agencies (U.S. Department of Labor Employment and Training Administration, 1995, p. 115). In a series of reports during the 1990s, the U.S. Government Accounting Office found the job training system was highly fragmented and in need of consolidation to eliminate duplication of services and wasted resources, to coordinate programs and service delivery, and to increase responsiveness to clients. In 1994, the Clinton Administration responded by proposing that many adult job training programs be consolidated. Shortly after that the Workforce Investment Act of 1998 was passed and was fully implemented by July 1, 2001. State and local governments were given more responsibility for all aspects of workforce services and programs and supplemental funding from federal block grants. Under sub-state workforce boards and state oversight, a nationwide system of local service delivery centers was created to offer a broader variety of services to all customers.
The goal of WIA is to give displaced workers new skills demanded by employers and placing them into jobs as quickly as possible (D’Amico, et al., 2004; U.S. Department of Labor Employment and Training Administration, 2007). This has been pursued by offering services in tiers with few receiving intensive services such as training that delay entry into employment. During the year 2000, only 40% of displaced workers under WIA received training; this is considerably less than displaced workers who had entered under EDWAA and exited the same year—66% of them received training (King, 2004, p. 65).

**The Trade Adjustment Assistance Reform Act**

The Trade Adjustment Assistance Reform Act of 2002 was passed in August 2002. It reauthorized the Trade Adjustment Assistance (TAA) program and eliminated the NAFTA-TAA program by consolidating many of its provisions into the revised TAA program. Workers that were certified for NAFTA-TAA under petitions received before November 4, 2002 continued to receive NAFTA-TAA services for as long as their eligibility was in effect (U.S. Department of Labor Employment and Training Administration, 2004a, 2006).

**New Focus is on Employer Needs**

This decentralization trend in the workforce system has given priority to the needs of the private sector. In 2004, DOLETA emphasized that the focus of displaced worker policy was on the needs of employers:

The training that the workforce investment system approves for the displaced worker and pays for with taxpayer dollars must meet the current and future needs of businesses in the local workforce investment areas across the country. In order for training to be “demand-driven” it must be conducted in concert with those that create the demand. Business is not just a partner, it is the ultimate consumer of workforce investment system output, providing the specifications against which we must train and validate our success by hiring. Program integration to more fully prepare workers for business-defined jobs now and in the future is perfectly consistent with meeting the needs of both customers [i.e.,

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87 “WIA was enacted in 1998 and was to be phased in nationwide with the start of Program Year (PY) 2000. However, PY 99 was designated as a transition year, in that some states had the option of beginning WIA operations at the start of, or sometime during, this program year…. A substantial number of PY 2000 exiters were JTPA carry-overs (i.e., individuals who exited during PY 2000, but who were enrolled prior to the start of WIA implementation, and, hence, when JTPA rules were still in effect (D’Amico, 2004, p. II-8, footnote 3).”
business and displaced workers] (U.S. Department of Labor Employment and Training Administration, 2004b, p. 3).

The studies discussed below indicate that, for some participants, the new system may offer better employment and higher earnings. However for others, this has not been the case. The research studies described in the remainder of this chapter indicate that older workers, the less educated, women, minorities, and those who worked in certain types of manufacturing have not fared as well.

FINDINGS FROM STUDIES OF DISPLACED WORKER PROGRAMS

Displaced Worker Trends in the 1980s88

In an early national study of displaced workers, the U.S. Congressional Budget Office analyzed five Displaced Worker Surveys for the period 1984-92 (U.S. Congressional Budget Office, 1993).89 The study reported findings regarding displaced workers’ outcomes (i.e., consequences of displacement) in terms of likelihood of reemployment, duration of joblessness, and earnings losses.90 The largest job losses were in goods-producing sectors and accounted for 50-60% of all displaced workers;91 this level of displacement was twice these industries’ shares of total employment. Those in blue-collar occupations accounted for 55-65% of all displaced workers.

Factors Affecting Outcomes

Job tenure, age, years of education, and sex had significant effects on outcomes. “The displaced workers who incurred the largest losses [from displacement] were disproportionately those who were the least well educated, the oldest, and had the longest

88 All findings and figures in this section entitled “A Study of Displaced Worker Trends in the 1980s” are from the CBO study unless noted otherwise.
89 Displaced Worker Surveys are conducted every two years by the U.S. Bureau of Labor Statistics and asks displaced workers questions about job displacement during the previous three years. The study was prompted by federal legislators’ concerns about the unprecedented number of workers that were displaced during the 1980s (approximately 20 million workers) and the rising costs associated with such losses (U.S. Congressional Budget Office, 1993).
90 All displaced workers who lost full-time jobs were counted regardless of years of tenure. The study excluded part-time, seasonal, and self-employed workers.
91 “Goods producing industries include agriculture, mining, construction, and manufacturing….Blue-collar workers are those in services (non-professional) and in precision production, craft and repair occupations; farming, forestry, and fishing occupations; operators, fabricators, and laborers (U.S. Congressional Budget Office, 1993, p. 8).
tenure with their previous employer. [They] were far less likely than the displaced workers who were better educated, younger, and had shorter job tenure to be working at all at the time of the survey” (U.S. Congressional Budget Office, 1993, p. xiii).

Fifty percent of displaced workers lost their job due to a plant closure and they fared worse than other displaced workers: they were less likely to be reemployed, were jobless longer, and had a greater likelihood of substantial earnings losses of 20% or more. A training program coordinator described common problems in helping workers displaced due to the closure of a clothing manufacturer in 1990 in LaFollette, Tennessee:

The biggest problem we've had is helping people get over their fear, frustration, anger, and anxiety and take advantage of the services. . . . It's like dealing with the death of a loved one. Working at the plant has been their whole life and it can be tough for them to make the transition. (U.S. Congressional Budget Office, 1993, p. 11)

**Kinds of Workers with Greatest Losses**

Blue collar workers, women, and minorities consistently fared worse on all measures of displacement losses than white collar workers, men, and non-minorities. The kinds of workers who were jobless longer in bad years were also jobless longer in good years, and similar workers incurred losses of earnings in both good and bad years. The CBO predicted that the stability of the relationship between these worker characteristics and outcomes would “likely to be applicable to workers displaced in the future” (U.S. Congressional Budget Office, 1993, p. 14).

Older workers with longer job tenures had a greatest chance of having substantial earnings losses. This was attributed to their non-transferable firm or industry specific knowledges and difficulties related to finding new jobs. The CBO concluded:

People who have worked for one employer for a long time may be uncertain about how to go about finding new work. Moreover, even for people equipped to hunt for jobs effectively, labor market conditions may require uprooting families to find new employment; this is especially true when the reason for displacement is the failure of a major local employer. The skills acquired while working with one firm may not be needed by other employers, which implies that many displaced workers may be
unable to regain their previous level of earnings when they do find work” (U.S. Congressional Budget Office, 1993, p. 11).

**Kinds of Assistance Received**

Unemployment Insurance (UI) was the main type of assistance received by workers and it was usually limited to 26 weeks. The CBO also found that the EDWAA program was under funded and that program participants received mostly short-term training and job search assistance with little to no income support. In 1990, 75% of participants “found jobs soon after leaving the program, at an average starting wage of $8.20 per hour” (U.S. Congressional Budget Office, 1993, p. 32).92 Because no national evaluations of the program's impact had been completed at the time of the CBO study, the CBO was unable to assess whether the program helped participants become reemployed more quickly or find a higher-paying job.

**Displaced Worker Trends in High Import-Competing Industries, 1979-1999**93

In a study using longitudinal data, Kletzer (2001) examined characteristics and outcomes of workers displaced from import-competing industries with data from Displaced Worker Surveys (DWS) for the years 1979-99. During that period, 17 million manufacturing workers were displaced; 6.45 million of them were from high import-competing industries (HIC) with import share increases (penetration of U.S. markets) of 15% or more. They had the highest job losses due to increasing and sustained import competition throughout the study period. In the HIC group, 1.13 million apparel workers were displaced by job loss which represented 6.8% of total manufacturing displacements and 17.5% of the total displacements from HIC industries.96

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92 This 1990 average wage is equal to the average reemployment wage earned by displaced workers from Alongways County who exited the EDWAA program in year 2000 (per interviews with sub-state grantee agency administrator).

93 All findings and figures in this section are from Kletzer (2001) unless noted otherwise.

94 All manufacturing industries were ranked by their percentage change in import shares (import penetration) for years 1979-94. Those in the top 25% were deemed import-competing industries (Kletzer, p. 3). For a complete list of these industries see Kletzer, p. 18-19.

95 The characteristics and outcomes of displaced workers in the apparel industry are of particular interest in this dissertation study for comparison purposes. Most of the manufacturing jobs in the 1980s-1990s in the county where my dissertation study was conducted had been in apparel, footwear, knitting mills, and textiles. Many of the dislocated workers I interviewed in 2003 had worked in these industries in the past and had lost their jobs in 1999 due to the closure of an apparel manufacturing firm.

96 Only the electrical machine industry had a higher number of displaced workers (3.15 million) (Kletzer, 2001, p. 18).
The apparel industry also had the highest percentage (32%) of displaced workers who were certified as eligible for the NAFTA-TAA program from 1993-2000.

Kletzer’s Findings

Kletzer found that education, job tenure, age, and gender are characteristics that are statistically significant predictors of difficult readjustment to displacement from jobs measured in terms of earnings losses and reemployment rates. Displaced workers who were older (age 45 and older), had lower education levels, longer job tenures, and were unskilled blue-collar workers had lower reemployment rates and larger earnings losses. Women (particularly those who were married) and minorities also had lower reemployment rates and larger earnings losses than men and non-minorities. Manufacturing workers had greater earnings losses than non-manufacturing workers and lower reemployment rates.

Earnings losses of greater than 30% rose with longer job tenures, older age, and less education. Such steep losses were attributed to losses of firm- and industry-specific human capital at displacement which is more common among lower-skilled production workers in manufacturing whose skills were learned on-the-job and have fewer skills that are transferable to another occupation or industry. Those who were displaced from full-time jobs and are reemployed in part-time jobs have earnings losses that are 40% higher than those who are reemployed in full-time jobs. Those with job tenures of more than 10 years also had more difficulty finding reemployment because their job search skills are outdated and they lack current information about labor markets.

Women are Disproportionately Affected

Displaced workers in HIC industries were far more likely to be female and less educated than manufacturing workers as a whole. HIC industries include apparel, footwear, knitting mills, and textiles which employ women disproportionately.97 The percentage of women displaced from these industries is as follows: apparel 79%, footwear 66%, knitting mills 76%, and miscellaneous textiles 66%. They were also among the lowest wage HIC industries98 (average weekly earnings of $223-$267) and women in them tended to be concentrated in lower paying

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97 Other high import-competing industries are electrical and non-electrical machinery, transportation equipment, metal industries, leather products, professional and photographic equipment, toys, sporting goods, and pottery (Kletzer, 2001).
98 Leather products and pottery are the also in this group of low-wage industries.
unskilled production jobs. In addition, these low-wage HIC industries had even higher shares of displaced workers who were high school dropouts (25-50%) than HIC industries as a whole (21.3%).

**Women apparel workers’ Losses**

Fewer displaced apparel workers had finished high school than displaced workers in HIC, manufacturing, and non-manufacturing industries (see Table 4.1). Nearly 38% were high school dropouts, and 45% were high school graduates. Apparel industries also had a larger share of workers with job tenures of more than 10 years (18.1%). Their reemployment rate of 55.6% was much lower than that of displaced workers in HIC, manufacturing, and non-manufacturing. The 20% share of apparel workers with earnings losses of greater than 30% was slightly lower than the other displaced worker groups (by 1-4%) but this was expected “because high-wage earners have more earnings to lose as they drop down in the earnings distribution than do low-wage ones” (Kletzer, p. 40).

**Earnings Losses are Related to Reemployment Sector**

Kletzer (2001) found that “the sector in which workers are reemployed goes a long way towards explaining the size and distribution of earning losses” (p. 79) (see Table 4.2). Of the displaced HIC workers, “one-third were reemployed in manufacturing, one-third were reemployed in non-manufacturing, and one-third were unemployed” (Kletzer, p. 64). Of the 64.8% who were reemployed, 52% were reemployed in manufacturing and had the smallest average earnings losses (5%). Still, 20% of those workers had reemployment losses of greater than 30%, largely due to sector changes and obsolete skills (p. 67). The apparel sector accounted for 6.2% of those reemployed in manufacturing. Of the 48% reemployed in non-manufacturing, those reemployed in the following industries had average earnings losses of more than 20%: agriculture, mining, and construction; retail trade; and personal and professional services. Retail trade accounted for the largest share of non-manufacturing employment and had the largest earnings losses.99

**Kletzer’s Conclusions**

Manufacturing workers who are older, less educated, and have longer job tenures would benefit most from job search assistance that helps them find reemployment in their old

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99 Personal services employed 9.8% and retail trade employed 10.4%.
Table 4.1: Characteristics and outcomes of displaced workers in the U.S. for years 1979-1999.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Apparel(^c)</th>
<th>HIC</th>
<th>Mfg.</th>
<th>Non-Mfg.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mean Age(^a)</strong></td>
<td>n/a</td>
<td>39.1 yrs.</td>
<td>38.6 yrs.</td>
<td>37.3 yrs.</td>
</tr>
<tr>
<td><strong>Education(^a)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt; high school</td>
<td>37.8%</td>
<td>21.3%</td>
<td>21.0%</td>
<td>11.9%</td>
</tr>
<tr>
<td>high school grad</td>
<td>44.7</td>
<td>42.7</td>
<td>43.7</td>
<td>36.5</td>
</tr>
<tr>
<td>some college</td>
<td>n/a</td>
<td>21.2</td>
<td>21.5</td>
<td>29.4</td>
</tr>
<tr>
<td>college degree or higher</td>
<td>n/a</td>
<td>14.8</td>
<td>13.7</td>
<td>22.2</td>
</tr>
<tr>
<td>mean yrs.</td>
<td>n/a</td>
<td>12.3 yrs.</td>
<td>12.3 yrs.</td>
<td>13.2 yrs.</td>
</tr>
<tr>
<td><strong>Job Tenure(^a)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt;10 years</td>
<td>18.1%</td>
<td>13.0%</td>
<td>13.1%</td>
<td>8.2%</td>
</tr>
<tr>
<td>mean yrs.</td>
<td>n/a</td>
<td>6.8 yrs.</td>
<td>6.5 yrs.</td>
<td>4.6 yrs.</td>
</tr>
<tr>
<td><strong>Mean weekly earnings(^a)</strong></td>
<td>$237</td>
<td>$403</td>
<td>$397</td>
<td>$369</td>
</tr>
<tr>
<td><strong>% of Displaced</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Females</td>
<td>79.1%</td>
<td>44.9%</td>
<td>36.9%</td>
<td>50.4%</td>
</tr>
<tr>
<td>Minorities</td>
<td>n/a</td>
<td>19.0</td>
<td>17.6</td>
<td>17.0</td>
</tr>
<tr>
<td>From full-time jobs</td>
<td>n/a</td>
<td>96.6</td>
<td>95.6</td>
<td>83.7</td>
</tr>
<tr>
<td><strong>Occupation(^a)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>white-collar</td>
<td>n/a</td>
<td>31.3%</td>
<td>30.7%</td>
<td>64.5%</td>
</tr>
<tr>
<td>skilled blue-collar</td>
<td>n/a</td>
<td>18.0</td>
<td>18.8</td>
<td>7.5</td>
</tr>
<tr>
<td>unskilled blue-collar</td>
<td>n/a</td>
<td>48.8</td>
<td>48.0</td>
<td>13.8</td>
</tr>
<tr>
<td>services</td>
<td>n/a</td>
<td>1.8</td>
<td>2.3</td>
<td>1.4</td>
</tr>
<tr>
<td><strong>Reemployed(^b)</strong></td>
<td>55.6%</td>
<td>63.4%</td>
<td>64.8%</td>
<td>69.1%</td>
</tr>
<tr>
<td><strong>Earnings losses &gt;30%</strong></td>
<td>19.9%</td>
<td>25%</td>
<td>25%</td>
<td>21%</td>
</tr>
<tr>
<td><strong>Mean earnings loss %</strong></td>
<td>n/a</td>
<td>13.2%</td>
<td>12.1%</td>
<td>3.8%</td>
</tr>
</tbody>
</table>

Note. From *Job loss from imports: measuring the costs* (Column 2 data are from pp. 34-36; columns 3-5 are from p. 102) by L. Kletzer, 2001, Washington, DC: Peterson Institute for International Economics. Copyright 2001 by Peterson Institute for International Economics. Adapted with permission.

\(^a\) At time of separation. \(^b\) At time of survey. \(^c\) Some data for apparel workers was not available.
Table 4.2: U.S. high import-competing industry workers’ reemployment by sectoral share for years 1984-2000.

<table>
<thead>
<tr>
<th>Industry sector</th>
<th>% share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, mining, and construction</td>
<td>4</td>
</tr>
<tr>
<td>Manufacturing</td>
<td></td>
</tr>
<tr>
<td>Durable</td>
<td>36</td>
</tr>
<tr>
<td>Non-durable</td>
<td>16</td>
</tr>
<tr>
<td>Transportation, Utilities, and Communications</td>
<td>5</td>
</tr>
<tr>
<td>Trade</td>
<td></td>
</tr>
<tr>
<td>Retail</td>
<td>10</td>
</tr>
<tr>
<td>Wholesale</td>
<td>4</td>
</tr>
<tr>
<td>Finance, insurance, and real estate</td>
<td>4</td>
</tr>
<tr>
<td>Services</td>
<td></td>
</tr>
<tr>
<td>Personal</td>
<td>10</td>
</tr>
<tr>
<td>Professional</td>
<td>9</td>
</tr>
<tr>
<td>Government</td>
<td>2</td>
</tr>
</tbody>
</table>


industries because this minimizes their earnings losses. They are less able to adapt to new production methods that require much higher skill levels and lack the education needed to get higher-paying service-sector jobs. The link between such training and the skill needs of potential employers is weak because the training takes place prior to employment; thus, displaced workers may be training for jobs that are not available. In addition, the value of education is often linked to other factors such as the personal characteristics of the worker (i.e., the same education does not yield the same earnings for all). Instead, wage insurance and on-the-job training may offer a short-term solution to make up lost earning.

However, many workers live in communities where deindustrialization has been swift and few manufacturing industries remain. In such cases, there are few if any options for reemployment in the same industry and many are unable or unwilling to move as noted in the TAA studies discussed next. For them, the income support and training offered through these programs may be the only feasible option.

Evaluations of Self-Employment Programs for Unemployed Workers

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Three DOL micro-enterprise development demonstration projects were conducted in the late 1980s with the goal of studying self-employment as an option for displaced workers. EDWAA participants at three sites were targeted for the demo projects: the Washington SEED Project, the Massachusetts Project, and the EDWAA Job Creation Demonstration. Micro-enterprise development is aimed at helping individuals establish sole proprietorship businesses with only one or a few employees.

In the Washington and Massachusetts projects, only a small number (about 5%) of eligible displaced workers participated and they were self-selected. They were randomly assigned to a two groups: a control group and a treatment group. The treatment group received micro-enterprise training and income subsidies (instead of UI payments). The EDWAA Job Creation Demo project gave grants to six Community Development Corporations in the early 1990s to “expand employment opportunities for displaced workers through entrepreneurial training and linkages to other economic development activities” (Drury, et al., 1994, p. i). Different selection methods were used at different sites with some using self-selection and while others screened participants and chose those who were more likely to be successful in starting and running a business (U.S. Department of Labor, 1995).

**Self-Selected Participants Were Unprepared**

Relative to other displaced workers, participants in these programs were older, had more education, and were more likely to have been in white-collar occupations. Self-selected participants had a much higher drop-out rate than screened participants for several reasons: they were less able to develop a realistic business plan or get start-up capital, or they lacked the motivation and basic skills to be self-employed. Evaluators noted that “participants with weak academic backgrounds may require more intensive help to complete classroom training and business plans, but can still benefit from these programs” because micro-enterprise training gave participants skills that are useful in finding other jobs (Drury, et al., 1994, p. 187).

The study found that participants must be ready to accept the high levels of risk involved in micro-enterprise startups in order to succeed. Not having adequate access to capital was the biggest barrier for most participants and limited the range of businesses that could be created. Evaluators recommended that programs expand access to loans for
participants. In addition to classroom skills training, most needed ongoing specialized technical assistance from experienced mentors to start viable businesses.

**Low Business Start-up Rates**

About 45% of the participants did start businesses, which were primarily in the service sector and employed a few family members. However, this business startup rate (45%) was well below the reemployment rates of displaced workers in other forms of EDWAA job, and between a quarter and a third of them failed in the first year. A key finding was that short-term self-employment earnings did not match the prior earnings of displaced workers.

**Costs Outweigh Benefits**

Evaluators concluded that self-employment was not a good alternative for those who want to quickly replace lost earnings. The costs of training for self-employment outweighed the short-term benefits in terms of reemployment rates, earnings replacement rates, local job creation. Thus, evaluators concluded that resources would be better invested in worker retraining for new jobs.

**Focus Should Be on Local Niche Markets**

Evaluators concluded that there is a role for micro-enterprise training as part of an economic development strategy for communities that have lost core industries and need to diversify their local economy. This is works best for developing micro-businesses that “focus on local markets... by identifying previously under-served niches oriented to specialized markets (e.g., ethnic minorities, people with disabilities, sports enthusiasts) or specialized products... that are regional or national in scope... and meet the needs of well-defined but highly dispersed populations” (Drury, et al., 1994, p. 184).

**National Evaluations of EDWAA**

From 1989-1991, the U.S. Department of Labor conducted a series of multi-phased national evaluations of the implementation of EDWAA programs and a summary of key findings is presented below.

**Services Must Match Clients’ Needs**

Several characteristics distinguish displaced workers from others served through the ES and UI systems. Displaced workers were found to have the following: “1) Significant
psychological stress in response to being laid off; 2) little recent information about labor market opportunities; 3) no recent experience in looking for a job; 4) substantial work experience and work maturity; 5) existing occupational skills that may be obsolete or not in demand in the local economy; and 6) financial crisis due to lack of income and substantial household financial obligations” (Dickinson, Kreutzer, Kogan, & West, 1993, p. E-3).

Program evaluators concluded that these types of clients required better development of EDWAA services that were tailored to meet their needs.

**Funding Shortages Limited Service Delivery**

There was great variation across state and sub-state areas in determining which eligible clients received services and the kinds of service they received. Funding shortages led to an overuse of less costly services such as job search assistance and short-term training. Services were given to only a small proportion of eligible displaced workers with emphasis placed on workers displaced from recent mass layoffs rather than on the long-term unemployed. Those with substantial barriers to employment (e.g., limited basic skills, no high school diploma, and older workers) were less likely to be assisted unless there were performance incentives to do so (Dickinson, Kreutzer, et al., 1993).

**Responsiveness of Service Delivery Varied**

Urban areas, areas with large numbers of displaced workers, and experimental demonstration projects were more responsive. Early intervention services were more effective when delivered before or very shortly after a mass layoff because they enrolled displaced workers into the EDWAA service system as soon as possible. Sub-state areas that less responsive with early intervention services were less able to assist clients later on and were more likely to use on-the-job training and short-term training (Dickinson, Kreutzer, et al., 1993).

**Coordination of Funding and Services Needed**

Most EDWAA state-controlled funds were used to coordinate rapid response and basic reemployment services with other programs and agencies. Training was often provided by combining funding from UI, EDWAA, TAA, other JTPA adult programs, federal vocational education, and federal financial aid for post-secondary education. However, confusion about TAA requirements among EDWAA program staff limited coordination.
between these programs. Economic development funds were sometimes used for OJT retraining of incumbent workers to prevent layoffs instead of aiding displaced workers (Dickinson, Kreutzer, et al., 1993; U.S. Department of Labor Employment and Training Administration, 2004b). Coordination was better in areas that had been affected by many past dislocations (e.g., areas with high level of employment in manufacturing) but these areas tended to focus on rapid reemployment rather than long-term training.

**Broader Services Needed**

The study recommended that the following services were essential for meeting displaced workers’ needs: 1) an assessment of workers’ skills and career interests and development of a long-term career plan to help clients select appropriate program services; 2) provision of basic readjustment services to all clients that included job search assistance; 3) broader training options that included training for those with limited basic skills as well as those with substantial vocational skills; and 4) both entry-level and higher-level occupational training (Dickinson, Kreutzer, et al., 1993, p. E-4).

Most training services were occupational classroom training (OCT) and on-the-job training (OTJ). OJT tended to meet the needs of employers rather than workers’ needs. Displaced workers felt that occupational classroom training gave them the best reemployment options. This type of training was generally provided by local community and technical colleges in a variety of occupational areas that were oriented toward local labor market needs. Longer-term training of 26 weeks or more was particularly needed for those who lacked basic math and reading skills or who were high school dropouts (Dickinson, Kreutzer, et al., 1993).

The types of services provided depended on the kinds of clients served. Areas that served more recently laid-off workers used more OCT than OTJ. Areas with clients who lacked basic skills or were long-term unemployed (15 weeks or more) used more GED preparation and short-term OJT.

**General Conclusions**

Improvements were needed in the following areas: 1) building sub-state area capacity to deliver rapid response services with earlier intervention after layoffs; 2) providing a wider range of services to meet more displaced workers’ needs; 3) coordination of state
level and sub-state area services; 4) use of more long-term training designed to promote reemployment and reduce reemployment earnings losses; 4) better identification of client needs and client case management with personalized plans; 5) use of services tailored to specific needs that are based on successful models; 6) professionalized service delivery through improved staff expertise focused on delivering reemployment, readjustment, and retraining services, provision of labor market information, and program evaluation and accountability (Dickinson, Kreutzer, et al., 1993).

**A Comparative Study of Post-1988 TRA and UI Recipients**¹⁰⁰

A national study of TAA assistance program participants compared two sample groups of displaced workers: 1) those who had received TRA (income support payments), and 2) manufacturing workers who had exhausted UI and were not TAA participants (Decker & Corson, 1995). Eighty-five percent of TRA recipients were from manufacturing sectors, and were primarily from the “textile and apparel, rubber and leather, primary and fabricated metals, machinery, and transportation equipment industries” which were most affected by import competition or off-shoring of production (Decker & Corson, p. 762).¹⁰¹

The following discussion summarizes key findings for the post-1988 program.¹⁰²

**TRA Payment Recipients Had Greater Losses**

The TRA recipients and UI exhaustees had statistically significant differences in pre-layoff and job separation characteristics (see Table 4.3). Decker and Corson concluded that these differences between the two groups indicated that the TRA recipients had greater investments in their old jobs and greater losses upon layoff and no chance of recall to their old jobs. These differences increased TRA recipients’ need for readjustment and retraining services (relative to UI exhaustees).

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¹⁰⁰ This national study was contracted by the DOL and was originally submitted as a report to them in 1993. See Corson, Decker, Gleason, and Nicholson (1993). All findings discussed here are from Decker and Corson (1995) unless noted otherwise.

¹⁰¹ In contrast, only 38% of all displaced workers surveyed by the U.S Bureau of Labor Statistics during those years were from manufacturing sectors.

¹⁰² TAA was revised in 1988 and this study included pre-1988 and post-1988 TAA program recipients of TRA. Findings for the post-1988 sample groups are discussed here because the post-1988 program rules were in effect in 1999 when the dislocated workers of interest in this dissertation study became eligible for TAA programs.
Table 4.3: Pre-layoff and job separation characteristics for post-1988 TRA and UI sample groups of U.S. workers.

<table>
<thead>
<tr>
<th>Worker characteristics</th>
<th>TRA recipients</th>
<th>UI exhaustees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean weekly wages(^a)</td>
<td>$458</td>
<td>$372</td>
</tr>
<tr>
<td>Benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health insurance</td>
<td>94%</td>
<td>71%</td>
</tr>
<tr>
<td>Paid holidays</td>
<td>95</td>
<td>78</td>
</tr>
<tr>
<td>Paid vacations</td>
<td>94</td>
<td>71</td>
</tr>
<tr>
<td>Pension plans</td>
<td>79</td>
<td>48</td>
</tr>
<tr>
<td>Paid sick leave</td>
<td>57</td>
<td>41</td>
</tr>
<tr>
<td>Union membership</td>
<td>66</td>
<td>30</td>
</tr>
<tr>
<td>Job Tenure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 yrs. or more</td>
<td>54%</td>
<td>25%</td>
</tr>
<tr>
<td>5 to 10 yrs.</td>
<td>29</td>
<td>18</td>
</tr>
<tr>
<td>Less than 5 yrs.</td>
<td>17</td>
<td>57</td>
</tr>
<tr>
<td>Avg. job tenure</td>
<td>8.4 yrs.</td>
<td>8.1 yrs.</td>
</tr>
<tr>
<td>Layoff due to plant closure or relocation</td>
<td>72</td>
<td>27</td>
</tr>
</tbody>
</table>


**Differences in Services Received and Participation Rates**

Most of the TRA group received some reemployment services to assist them in finding new jobs or appropriate training, and they used these services more than the UI exhaustees. However, very few received out-of-area job search or relocation allowances because they were not willing to relocate to find new employment. Only 47% of the TRA recipients actually took training and it was oriented primarily at developing new occupational skills.\(^{103}\) Training participants tended to be “younger and better educated than non-trainees” (Decker & Corson, p. 763). Training tended to be longer than a year and was taken at local vocational centers or community colleges. Of the training participants, 67%

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\(^{103}\) Although the post-1988 program required participants to take training to get TRA benefits, the new requirement for training had not been fully implemented in 1989 (Decker & Corson, 1995). A later study discussed below also found that training waivers were still frequently issued (U.S. General Accounting Office, 2000).
completed a training program and a majority thought their training “helped them find a job and gave them useful experience for the job” (Decker & Corson, p. 763).

Longer Joblessness and Lower Wage Replacement for TRA Recipients

TRA recipients were jobless 55 weeks on average (as compared to 39 weeks for UI exhaustees) and 27% remained jobless for over two years. During the first three years after their initial UI claim, the average earnings of TRA recipients were only slightly lower (2%) that that of UI exhaustees. At the three-year point, 40% of both groups were unemployed. Although some had worked in new jobs, they no longer held them.\textsuperscript{104}

The TRA group’s weekly re-employment wages were less than those of UI exhaustees at the three-year point. Of those who were employed full-time, their average reemployment wage losses were 20% as compared to 5% for UI exhaustees. Of the TRA group (including full-time and part-time employed), 20% were earning only half of their pre-layoff earnings, 25% were earning the same, and the remaining 55% were earning between 50-100% of their old wages.

Women and Older Worker’ Had Lower Earnings\textsuperscript{105}

TRA recipients who participated in longer-term (generally a year or longer) training funded by the TAA program were compared to a control group. The control group consisted of TRA recipients who had received shorter-term training (generally under 6 months and funded by the EDWAA program), and TRA recipients who had not taken any training. The researchers controlled for observable personal characteristics (e.g., age, sex, education, race, etc.). A comparison of earnings for quarter 12 (three years after their initial UI claims) was made.

The researchers concluded there were no statistically significant earnings differences between the two groups that could be attributed to training. However, for the TRA recipients who participated in longer-term TAA-funded training programs, there were significant earnings differences that were attributed to personal characteristics of two groups: females and older

\textsuperscript{104} Of the 60% who were working at the 3-year point, 20% were employed in their previous industry.

\textsuperscript{105} This was the only DOL-sponsored national study of the TAA program as it existed from 1989-2002 that included an assessment of training impacts on earnings (U.S. General Accounting Office, 2006).
workers earned less than their cohorts in the control group (Decker & Corson, 1995). In light of these findings, the researchers concluded that participation in training should be voluntary and that required participation in job search services might be more cost effective.

**TRA Benefits Offer an Incentive to Seek Retraining**

Decker and Corson’s suggestion that training be made voluntary runs contrary to recommendations by the U.S. Congressional Budget Office (CBO) (1994). The CBO suggested that income support that is linked to required training may offer displaced workers the best incentive to seek additional education or retraining; this is because other forms of monetary assistance for higher education were significantly lower. The CBO noted that the maximum amount of assistance available through Pell grants and the federal student loan program would have amounted to about half of what the average annual TRA payments would be for a worker who had three years of job tenure at layoff (U.S. Congressional Budget Office, 1994).

**GAO Study of Trade-Impacted Workers, 1995-1999**

The North American Free Trade Agreement Implementation Act (NAFTA) was passed in 1993. After its passage, the number of workers eligible for trade-adjustment assistance under either TAA or NAFTA-TAA rose and approximately 833,000 displaced workers were certified from 1995 to 1999. Payments under the two programs for income support and training under totaled approximately $1.3 billion dollars during that period.

In 2000, the U.S. General Accounting Office (GAO) conducted a national study of TAA and NAFTA-TAA program recipients to determine how trade-adjustment assistance services and benefits were being used and to assess program impacts on displaced workers’ reemployment and earnings (U.S. General Accounting Office, 2000). It surveyed 20 states that represented 76% of the 832,499 workers certified as eligible for TAA or NAFTA-TAA between October 1994 and December 1999 (U.S. General Accounting Office, 2000). It also analyzed Department of Labor data. Findings from the GAO study are summarized below.

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106 See Table 4, pg. 771 in Decker and Corson (1995). This is consistent with the findings in a study by Kletzer (2001).
107 In 1994 the maximum Pell grant for a year was $2,300 and the maximum amount of federal student loan was $2,600. A worker with three years job tenure at layoff could get income support of $9,000 per year under TAA and might still qualify for some other tuition assistance and loans (U.S. Congressional Budget Office, 1994, p. 17). By 1999, a worker could have received $15,756 of income support while in training (based on 78 weeks) (Storey, 2002).
TAA and NAFTA-TAA Certification Trends and Recipients’ Characteristics

The number of workers who were certified as eligible for these two programs during 1995-1999 averaged 167,000 annually, and peaked at 228,650 certified workers in 1999 (U.S. General Accounting Office, 2000, p. 9). The GAO constructed a profile of program participant characteristics in fiscal year 1999 (see Table 4.4).

Table 4.4: Personal characteristics from a national sample of TAA and NAFTA-TAA program participants in FY 1999.

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>TAA</th>
<th>NAFTA-TAA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>35%</td>
<td>34%</td>
</tr>
<tr>
<td>Women</td>
<td>65</td>
<td>66</td>
</tr>
<tr>
<td><strong>Race</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>62%</td>
<td>43%</td>
</tr>
<tr>
<td>Black</td>
<td>15</td>
<td>9</td>
</tr>
<tr>
<td>Latino/ Hispanic</td>
<td>20</td>
<td>47</td>
</tr>
<tr>
<td><strong>Limited English</strong></td>
<td>21%</td>
<td>30%</td>
</tr>
<tr>
<td><strong>Avg. wage at separation</strong></td>
<td>$11.33</td>
<td>$10.45</td>
</tr>
<tr>
<td><strong>Average age</strong></td>
<td>43 yrs.</td>
<td>41 yrs.</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than high school</td>
<td>26%</td>
<td>34%</td>
</tr>
<tr>
<td>High school graduate</td>
<td>51</td>
<td>44</td>
</tr>
<tr>
<td>Some post-secondary</td>
<td>15</td>
<td>17</td>
</tr>
<tr>
<td>College graduate</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td><strong>Avg. job tenure at separation</strong></td>
<td>8.7 yrs.</td>
<td>7.5 yrs.</td>
</tr>
</tbody>
</table>


The apparel and textile manufacturing industries had the largest share of certifications (40% of the total workers). These industries employed mostly women and
minorities with lower education levels. Twenty percent of training participants had limited English language skills because a large number of Hispanic women were displaced from apparel and food processing plants in Texas and California. One-quarter to one-third of all participants had not completed high school and women outnumbered men by nearly 2 to 1 in both programs. Thus, women who were displaced from the apparel and textile industries were the largest group who received assistance under the two programs.

**Lack of Funding Limited Participation**

The training participation rate fell from 31% in 1995 to 18% in 1999 despite a dramatic increase (27% over the annual average) in the number of workers certified in 1999. The DOL had not expected this increase and attributed the drop in the training participation rates to low unemployment rates and high economic growth. However, state program administrators attributed the drop in the training rate to a lack of federal funding for training, or to delays in the receipt of training funds which prevented them from enrolling workers for training. States lacked funds near the end of fiscal years or when unexpected mass layoffs occurred. Thus, when no training funds remained they put workers on waiting lists, suspended training programs, and issued training waivers. In 1999, 38 percent of those who exited the TAA program received training waivers.

**Emphasis on Occupational Training in Clerical and Nursing Skills**

Of the 832,499 certified workers, 19% received basic TRA, 5% received additional TRA, and 18% participated in training programs. Less than 1% received job search and relocation allowances “because workers [were] reluctant to move to new areas, primarily because of family commitments or ties to the community” (U.S. General Accounting Office, 2000, p. 11).

In 1999, occupational training was the most common type of training taken. Computer and information system skills, office administration, and business administration

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108 This is consistent with Kletzer’s findings (Kletzer, 2001).
109 This is based on the total enrolled for program services.
110 Some funding delays may have been due to delays in federal funding reauthorizations from October 1998 through November 1999 (Storey, 2002). By law, states could apply for emergency funds from the DOL if training funds were exhausted, or use funds from other programs for dislocated workers (if available).
111 The NAFTA-TAA program did not allow waivers to be issued. Most states did not review the reasons waivers were issued and the DOL did not collect regular data on waivers.
were the top three training programs in 14 of 20 states surveyed. Medical skills programs, including nursing, were the training courses in 9 states, and English language training (ESL) and remedial education (e.g., GED preparation and basic academic skills) were the top programs in 6 states. Community colleges were the primary training providers because of their lower costs.

**Training Helpful for Reemployment But Not for Earnings Replacement**

Of 10,036 participants who exited either program in 1999, the GAO obtained state data on re-employment outcomes for 5,969 individuals (see Table 4.5).

**Table 4.5:** Reemployment outcomes from a national sample of TAA and NAFTA-TAA participants in FY 1999.

<table>
<thead>
<tr>
<th>Workforce Program Participants</th>
<th>TAA</th>
<th>NAFTA-TAA*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number who completed training</td>
<td>2,195</td>
<td>763</td>
</tr>
<tr>
<td>Entered employment rate</td>
<td>78%</td>
<td>80%</td>
</tr>
<tr>
<td>Avg. hourly wage</td>
<td>$9.82 (^1)</td>
<td>$9.73</td>
</tr>
<tr>
<td>Met wage goal</td>
<td>56%</td>
<td>58%</td>
</tr>
<tr>
<td>Number not completing training</td>
<td>602</td>
<td>152</td>
</tr>
<tr>
<td>Entered employment rate</td>
<td>69%</td>
<td>69%</td>
</tr>
<tr>
<td>Avg. hourly wage</td>
<td>$9.52</td>
<td>$8.36</td>
</tr>
<tr>
<td>Met wage goal</td>
<td>55%</td>
<td>61%</td>
</tr>
<tr>
<td>Number w/waivers; took some training</td>
<td>287</td>
<td>N/A</td>
</tr>
<tr>
<td>Entered employment rate</td>
<td>83% (^2)</td>
<td>N/A</td>
</tr>
<tr>
<td>Avg. hourly wage</td>
<td>$9.63</td>
<td>N/A</td>
</tr>
<tr>
<td>Met wage goal</td>
<td>45%</td>
<td>N/A</td>
</tr>
<tr>
<td>Number w/waivers and no training</td>
<td>543</td>
<td>N/A</td>
</tr>
<tr>
<td>Entered employment rate</td>
<td>63%</td>
<td>N/A</td>
</tr>
<tr>
<td>Avg. hourly wage</td>
<td>$7.96 (^3)</td>
<td>N/A</td>
</tr>
<tr>
<td>Met wage goal</td>
<td>56%</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Note. Table is from “Trends, outcomes, and management issues in dislocated worker programs,” by U.S. General Accounting Office, 2000, report no. GAO-01-59 (non-copyrighted government document) Table 3, p. 18. \(^a\) N/A indicates participants were not eligible for training waivers. \(^1\)Highest average wage. \(^2\)Highest reemployment rate. \(^3\)Lowest average wage.
For FY 1999, the DOL had a reemployment rate goal of 72% and a re-employment wage goal of 80% of pre-layoff wages. Those with waivers who took only some training had the highest reemployment rate at 83%. Those who took and completed training had the highest average reemployment wage while those who did not take any training had the lowest average wage. Overall, “75% obtained jobs upon leaving the programs, and only 56 percent obtained jobs earning at least 80 percent of their pre-separation wage” (U.S. General Accounting Office, 2000, p. 18). The average wage at separation ($10.45 – $11.33 per hour) for workers with 7 to 9 years of job tenure was well above the average reemployment wages ($7.96-$9.82) for all participants (see Tables 4.4 and Table 4.5).

**Limits on Income Support Prevented Program Completion**

Even though training costs were covered for up to 104 weeks, workers tended to drop out of training when TRA payments (income support) ended after the maximum of 78 weeks “because they could not afford to remain in classes without financial assistance” (U.S. General Accounting Office, 2000, p. 9). The GAO noted that this prevented them from completing a 2-year training programs or an Associate degree which might have resulted in higher earnings.

**Structural Problems Affected Service Delivery**

The GAO found several areas that affected the delivery of assistance to trade-impacted workers: long certification processes, different training enrollment rules, benefit payments to ineligible workers, and interruptions in TRA payments during school breaks.

**Certification Delays Common**

In FY 1999, 58% of the NAFTA-TAA petitions required more than the mandated 40 days to investigate and 38% of TAA petitions required more than the mandated 60 days to make a determination. These delays prevented some displaced workers from enrolling for program benefits or training soon after layoff. However, workers could apply for assistance under EDWAA (for shorter-term training and less income support, if any) and begin receiving unemployment insurance benefits.

**Enrollment Deadlines Limited Training Options**

The NAFTA-TAA program had enrollment deadlines while the TAA program did not. This limited training options for NAFTA-TAA-certified workers because “appropriate
training courses were not scheduled to begin within the enrollment deadline, so workers choose to take less suitable courses to retain eligibility for income support” (U.S. General Accounting Office, 2000, p. 23).

**Income Support Payment Problems**

Benefit payments to ineligible workers who had never been certified totaled nearly $1.7 million for years 1997-99. The payment of benefits to ineligible workers meant that funding may not have been available to others who were eligible to receive benefits. In addition, workers who experienced breaks in training of more than 14 days (such as school breaks between terms) lost their benefits.\(^{112}\)

**Efforts to Correct Service Delivery Problems**

Subsequently, most of these problems were addressed with the Trade Adjustment Assistance Reform Act of 2002. By consolidating both programs into one TAA program, all trade-impacted workers now fall under one set of program rules for certifications and training enrollments. There are stricter rules on waivers, and changes were made to reduced wait times for certifications. TRA benefits were increased, and additional TRA can be received for 52 weeks which allows participants to complete 2 years of training with income support. In addition, the combined program was expanded to provide services to secondary workers that were indirectly affected by imports from Mexico or Canada (U.S. General Accounting Office, 2000; U.S. Department of Labor Employment and Training Administration, 2004a & 2006).\(^{113}\)

**GAO Study of Trade-Adjustment Assistance Experiences of Six Trade-Impacted Communities, 1995-1999**

In 2001, the GAO conducted case studies of six communities that had a large number of manufacturing job losses due to import-competition or plant relocations to foreign countries (U.S. General Accounting Office, 2001b). Each community had received some form of federal trade adjustment assistance. The GAO noted that these assistance programs are available because “the federal government recognizes that the benefits of free trade are

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112 This was subsequently changed to 30 days in 2002.

113 Secondary workers are those employed in firms that supply inputs to firms adversely affected by trade (U.S. General Accounting Office, 2000).
widely dispersed across the economy, [but] the costs of worker dislocation effects are more localized” (U.S. General Accounting Office, 2001b, p. 1).

The communities studied were Watsonville, CA, Coushatta, LA, Owosso, MI, Washington and Chocowinity, NC, El Paso, TX, and Martinsville and Henry County, VA. Displaced workers in each community had received assistance through the TAA or NAFTA-TAA programs between 1995 and 1999. Several had also received additional economic adjustment assistance. The most common sources of community assistance were the Community Adjustment and Investment Program (CAIP), the Economic Development Administration (EDA), and the Enterprise Community Program. CAIP is a guaranteed small business loan program. The EDA awards grants to economically distressed communities to fund economic infrastructure projects and implement economic adjustment strategies. Low-income communities that obtain “Enterprise Community” status qualify for block grants to fund training programs, start business incubation centers, and offer tax-exempt bonds to attract business expansion.

The purpose of the study was to “provide distressed communities’ perspectives on how trade adjustment assistance and other assistance programs have helped them deal with the adverse impacts of trade” (U.S. General Accounting Office, 2001b, p. 1). Communities were selected because they represented a cross-section of the types of industries that were most affected by increased foreign trade competition (i.e., apparel, textile, electronics, furniture, metal and machinery, and food processing). In addition, the selected communities were considered more difficult cases than typical based on the following criteria: their large numbers of workers who were eligible for federal trade adjustment assistance (from 1995 to 1999), their high local unemployment rates, their relatively undiversified economies (i.e., historical reliance on low-skilled manufacturing), and their relatively isolated locations (i.e., limited access to major transportation arteries).114

Impact of Trade-related Layoffs on Workers and Communities

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114 The El Paso, TX community is of particular interest for this dissertation because most of its trade-related job losses were in the apparel industry. The communities in Virginia and North Carolina are also of interest because they are located in communities that have economies, geographic locations, and rural cultures that are similar to the community of Alongways County that is studied in this dissertation.
A total of 25,907 displaced workers were certified as eligible for TAA or NAFTA-TAA from these six communities during the period 1995 to 1999. Each community had at least one major plant closure and several had additional rolling layoffs due to facility downsizing. The economic impacts were immediate and severe. Unemployment rates soared after major plant closures and peaked between 13% and 26%. Social service agencies were unprepared to assist the large number of workers who needed food stamps or had lost medical insurance coverage. The GAO noted that many workers were not eligible for food stamps because they owned automobiles or homes. Thus, although there was a need for such assistance, the system was not designed to serve them. Local governments lost substantial business, property, and sales tax revenues, and local businesses suffered losses in retail sales and subcontract work due to plant closures which caused additional job losses.

The majority of workers who found local jobs moved into the service sector at wages that were less than 80% of their pre-layoff wages. Some moved into nearby lower-wage industries (e.g., furniture factories and machinery) but these jobs were also vulnerable to trade competition. Others, and particularly those displaced from apparel industries, lacked the necessary skills and education to obtain new jobs with similar wages and benefits. These workers were more likely to be employed in low-wage service jobs with higher earnings losses (of 30% or more) or to be unemployed for longer periods.

The GAO found that such major changes in local employment opportunities lowered the general living standards of these trade-affected communities because blue-collar workers could no longer afford to “buy homes or send their children to college….and the young people could [not] count on a factory job after high school” (U.S. General Accounting Office, 2001b, p. 12). Community leaders also expected more local job losses in other trade-impacted industries.

**Program Service Delivery Problems for Workers**

Trade-adjustment assistance to displaced workers through the TAA or NAFTA-TAA programs was the largest source of assistance received by the six communities. Of $85 million spent over six years in these communities, 78% was for TRA (income support payments) and 22% was for training courses. Forty-four percent of participants took some training.
The GAO identified several structural problems with the two programs that impaired service delivery. First, workers in 24-month training programs often dropped out after only 18 months when income support payments ended because they lacked the financial means to continue. This prevented participants from earning an Associate degree, and this was more difficult if they had spent part of their training time in remedial courses. Second, federal funding was often inadequate to meet needs and states had to use their own funds or other federal program funds, or they stopped enrolling workers in training. Third, confusion about the different rules under TAA and NAFTA-TAA was widespread among state administrators and displaced workers and caused administrative problems. Fourth, training enrollment deadlines and training provider enrollment times did not correspond and this limited training options for some workers. Also, workers lost their income support when semester breaks were longer than 14 days. Fifth, certifications and approval of workers’ training plans were often delayed for months which also limited workers’ training options.

Communities Have Problems in Improving Displaced Workers’ Skills

A significant percentage of workers (25% nationally) had not finished high school and this percentage was higher in the case study communities located in the Southeast U.S. Many participants in Texas and California lacked English language proficiency. These groups needed remedial education (i.e., GED and ESL courses) before they could enter post-secondary training courses. Two-thirds of the participants were women with an average age of 43. Many had long job tenures of more than 10 years with one employer and had been out of the formal education system for many years. The GAO found that the combination of low education levels, older age, and long job tenures made it particularly difficult for displaced workers to enter and complete post-secondary education training courses. Even those that finished a two-year degree sometimes lacked appropriate job skills to enter into higher-paying jobs in the new economy.

These barriers to post-secondary training presented a dilemma for local program administrative agencies. Some felt that remedial education plus a two-year degree was “an investment that would provide a good return to the local community” and ensure that displaced workers got better, living-wage jobs. Others felt that workers should be placed in shorter training in occupational certification programs so that they could complete any
remedial work and coursework before the 18 months of income support ended. The GAO found that 70% of participants took shorter training courses (12 months or less).

In communities where large numbers of workers had multiple barriers, the GAO found that workers were not well-served due to a lack of training funding, appropriate training options, case workers, and accountability; this meant that many did not get the assistance needed to be employable after their training programs ended.

**Communities Lack Sufficient Human Capital and Infrastructure to Recruit New Businesses**

Local government officials in the case study communities felt that the lack of a sufficiently educated workforce was a major reason they could not recruit new economy businesses; most communities had higher than average high school drop-out rates. Of the trade-related displaced workers, 80% had a high school education or less and 59% were over age 40. These older, less-educated workers were less mobile than other residents. Local officials also felt that local school systems were not giving new graduates needed skills to attract higher-paying jobs. In addition, the lack of good jobs for college graduates was contributing to brain drain because the local youth who had college degrees left to find work, and thus, the overall education level of the local workforce remained lower than the national average.

Inadequate infrastructure was also impeding business recruitment efforts. All the case study communities lacked adequate transportation access by road (i.e., no four-lane highways or not near interstate highways). Also land-use policies or other infrastructure issues were barriers to business recruitment.

**Dilemmas within Community Economic Adjustment Strategies**

Only three of the communities had developed an economic adjustment strategy for recovery.\(^{115}\) The GAO described these strategies as “middle path strategies that aim for economic diversification while preparing their workforce for the high-skilled, well-paying jobs that they hope to attract….[yet] they realize that they still need jobs suitable for low-skilled displaced workers who will not qualify for new economy jobs (U.S. General

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\(^{115}\) These were El Paso, TX, Watsonville, CA, and Martinsville, VA.
Thus, each faced a two-path dilemma that could favor some workers over others while failing to achieve a diversified local economy.

El Paso, TX had received a federal grant to develop its strategy. It focused on balancing the recruitment of low-skill jobs while offering incentives to attract high-wage industries. It also proposed linking its workforce development programs to employer needs. Martinsville and Henry County, VA also received a federal grant to develop its strategy. It proposed recruitment of high-tech and heavy manufacturing industries. It also had a workforce skills and local education system assessment to determine what was needed to attract the targeted industries. Its regional development strategy placed priority on industrial parks and business incubators that could qualify for state and federal funding. Watsonville, CA deemed its efforts to retrain its displaced food processing workers as unsuccessful (a large number were Mexican immigrants who lacked English proficiency). Its strategy concentrated on attracting labor-intensive manufacturing, improving youth education in high-tech computer skills, creating and retaining better quality jobs, and providing a business incubator.

Sources, Uses, and Views Related to Federal Economic Assistance for Communities

In total, the five of the six communities studied by the GAO had received $59.5 million dollars of federal economic assistance funds linked to trade-related job losses and plant closures. The communities with larger job losses and economic redevelopment strategies received more funding; El Paso received $44.5 million dollars, or 75% of the total federal funds awarded. Approximately 70% of the $59.5 million in assistance came from the CAIP guaranteed business loan fund and 18% came from the Economic Development Administration (EDA).

The GAO noted that CAIP loans went to businesses that probably would have qualified for conventional loans from the Small Business Administration, but that CAIP pays the loan guarantee fee which frees operating capital for new businesses. El Paso used its substantial Community Adjustment and Investment Program (CAIP) funds (about $40 million dollars) toward retraining efforts. It renovated former plant facilities to become training and support centers and provided equipment and capital to retrain displaced workers.

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116 Washington and Chocowinity, NC did receive additional assistance.
workers. Most communities used EDA grants to improve physical infrastructure and develop and implement economic development strategies.

**Conclusions from Experiences of Communities**

The GAO found that many trade-impacted communities are unable to access available federal assistance because they do not know about funds that they may qualify for, they do not have local matching funds to meet requirements, or they do not have the personnel or expertise to get grant funding.

Local officials believe that trade-adjustment programs are too limited in scope to help their communities in the long-term adjustment and recovery process. They wanted more flexible training programs that could be adapted to meet specific client needs and the needs of local businesses. The largest challenge communities faced was preparing displaced workers who were older and less-educated with the kinds of skills they needed to get new economy jobs. The GAO found that short-term training programs did not prepare these workers well for better jobs and financial hardships deterred many from completing two years of training.

In addition, local communities often lacked appropriate education and training infrastructure to meet program participants’ needs. The GAO found that communities must define local needs and then work with local education providers and businesses to link education and training with jobs. It also found that helping displaced workers may not solve communities’ long-term structural problems. To do this they will need to diversify their economies, recruit new businesses, and educate their youth for higher-paying new economy jobs while finding suitable employment for its older displaced workers. The GAO concluded that the ability to balance all of these needs would determine how well these communities could adjust and respond to changing economic conditions.

**Trade-Adjustment Assistance Programs Do Not Create Jobs**

Shortly after the GAO reports on the studies above were released, Congress held hearings in 2002 regarding proposed reforms of trade-adjustment assistance programs for displaced workers and communities. As an advisor to the Senate on proposed policy reforms, Rosen, H. (2002) argued that these programs are primarily training and income support programs but they do not create jobs, which is crucial for reemployment. He noted that
those who opposed reforming these programs believed that economic growth would create sufficient jobs for displaced workers and stated (and the studies above support his argument), this view was too “simplistic [and] missed several important points:

1) Job creation does not always take place at the same location where the jobs are lost…and dislocations tend to be highly concentrated by location; 2) the new jobs are in different industries than the jobs lost…with losses in manufacturing and gains in the service sector, which require different skills; and 3) jobs lost paid better and had better benefits than jobs created…and this translates into earnings losses for many displaced workers…. [Therefore], workers who lose their jobs associated with increased import competition are faced with the challenge of finding new jobs, acquiring the skills necessary for those jobs, and sometimes uprooting their families in order to take those jobs (Rosen, H., 2002, pp. 2).

SUMMARY OF FINDINGS IN CHAPTER 4

The human capital approach is the theoretical approach that forms the basis for federal workforce education and training policies and programs that have been used to address structural unemployment of displaced workers and related economic recovery efforts in deindustrializing communities. Thus, the focus of workforce education and retraining programs is to give displaced workers new skills to increase their productive capacity and to help them get quickly reemployed in long-term, higher-paying jobs after completing training programs.

EDWAA, TAA and NAFTA-TAA were the federal workforce training programs that served most displaced workers in the 1980s and 1990s. Findings from studies reviewed here consistently show that the majority of displaced workers received only short-term occupational training (less than a year) or none at all and remain unprepared for employment in better jobs. Funding shortages, inflexible program structures, financial barriers, certification and enrollment delays, and lack of appropriate training infrastructure prevented displaced workers from getting the support and training they needed.
Micro-enterprise training was found unsuitable for most displaced workers and earnings from self-employment generally did not replace prior earnings of displaced workers. Several groups of workers had greater job losses (i.e., less likely to be reemployed, jobless longer, and substantial earnings losses of 20% or more): women, minorities, older workers, blue-collar workers who lost jobs due to a plant closure, workers with a high school education or less, and workers with job tenures of 10 years or more. Displaced workers who fit into more than one of these groups had higher losses. Those who were reemployed in non-professional jobs in the service sector had greater earnings losses that those who were reemployed in manufacturing. However reemployment in manufacturing was not an option in most communities since low-skill manufacturing jobs were the most affected by trade competition and capital flight.

Trade-impacted communities with high numbers of job losses and plant closures were unable to retrain displaced workers sufficiently to solve their underemployment problems. These communities also had difficulties in finding adjustment assistance and in developing long-term readjustment strategies. Most struggled with the need to balance several priorities: attracting new jobs for older, less-skilled workers; attracting higher-paying, new economy jobs; improving education and training for their youth; and improving physical infrastructure needed to attract new businesses. Most felt that current workforce training programs and trade-related assistance were not structured to help them solve their long-term economic problems.

As discussed in the next two chapters, the case of Alongways County illustrates many of the problems faced by trade-impacted communities with multiple plant closures and large numbers of displaced manufacturing workers, and its situation raises questions about the use of the human capital approach as the dominant strategy for economic redevelopment and worker readjustment.
CHAPTER 5
THE SITUATION OF ALONGWAYS COUNTY AND ITS WORKERS DURING THREE ERAS

In February 1999, a transnational apparel corporation (hereafter called TAC), the largest employer in Alongways County at that time, permanently closed its plant in Grant City, the county seat. Its closure left nearly 500 people unemployed, approximately 90% of whom were low-skilled women and devastated the already struggling economy of the county. Most of the displaced TAC workers had worked in low-skill manufacturing all their lives and lacked an adequate education to pursue better jobs in the higher paying areas of the service sector (e.g., professional and white collar jobs). However, TAC’s departure marked the beginning of a number of new initiatives to assist in the county’s economic recovery which are discussed at the end of this chapter and in Chapter 6.

In this chapter, I describe the ways the county and its workers were historically marginalized prior to the arrival of several large manufacturing plants (primarily apparel and textile factories), and how their situations changed as the county industrialized and deindustrialized. Thus, by necessity, this discussion describes and analyzes much of the...

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117 The real names of the people, city, and county are not used in order to maintain the anonymity of those who agreed to participate in the study. I chose the county pseudonym because it symbolizes how remote this county seems to those from less rural areas only one to two hours away. When I told friends of mine from an urban area about 50 miles from Alongways County that I was conducting research in the county, they commonly remarked “it’s a’long ways up thar”. I chose the town pseudonym because some county residents jokingly referred to the town as “Grant City”—in reference to its growing dependence on state and federal grants to fund many basic services. In 2000, the town’s population was approximately 2,400 and the county’s population was approximately 17,500 (U.S. Bureau of the Census, 2002).

118 There were 476 union-represented employees at the Grant City plant when it closed. Of these, 416 were women and 60 were men. Several other sources (county documents and newspaper articles) indicate that the total number of employees was about 500, which may include members of management not represented by the labor union (TAC, 1999a).
county’s economic history spanning the period from 1930 to the present.\textsuperscript{119} I will refer to the decades (1930 to 1960) that preceded the arrival of the first large textile and apparel manufacturers as the pre-industrial era. The county’s industrialized period spans the 1960s through the 1980s when the county’s economy was heavily concentrated in the apparel and textile industries. The exact point at which a deindustrializing trend began is difficult to determine. Some manufacturing plants left in the late 1980s and this trend continued after year 2000. By 2003, when I interviewed the displaced TAC workers there, the county had lost all of its large apparel firms and all but one of its textile firms. Thus, the third era, referred to here as the deindustrializing era, is still in process, and represents the time period when the county’s economy shifted from one that was dominated by large manufacturing plants to one that was not, and roughly spans the 1990s to the present.

In my discussion of the changing situation of the county and its workers during the three eras, I present findings that are indicative of how economic marginalization has occurred now or in the past, or both. Many of these marginalization factors (as conceptualized in Chapter Three) are related to the following areas that are discussed here: 1) the very rural nature of the county, the residents’ relative isolation (i.e., geographic, social, and economic), and the county’s limited infrastructure; 2) the chronically distressed economy of the county; 3) its low labor force participation rates and contributing factors; 4) the county’s relatively undiversified economy during the pre-industrial era and industrial eras, and the impacts of sectoral shifts on the county and its workers; 5) and the deindustrializing era that is marked by the departure of major manufacturing firms, and the impact of sectoral shifts and these departures on the county and its workers.

I then discuss the vision of the county’s future economic development as indicated by the strategies that it has pursued to bring about economic recovery and some of the barriers that are hindering these efforts. The last strategy includes efforts to increase the education and skill levels of its workforce. These included post-secondary occupational

\textsuperscript{119} I chose to begin the pre-industrial period in 1930 because much of the relevant census data prior to this period is not comparable to later periods. I also chose this cut-off year because my review of the earlier history of employment in the county suggests that a high level of continuity existed between the economic activity (i.e., the agriculture and extractive industries) that existed prior to 1930 and that which existed from 1930 to 1950 (Alongways County Historical Society, 1986 & 2000).
education and job training of the displaced TAC workers. My findings regarding the specific education and retraining efforts in the county and how these affected the situation of the workers and the county are discussed in Chapter 6.

ALONGWAYS COUNTY POPULATION DEMOGRAPHICS, ISOLATION, AND INFRASTRUCTURE

Population Demographics

*County Population and Composition Trends*

The county’s population has ranged between a low of approximately 10,500 in 1900 to a high of 17,500 in 2000 (see Table 5.1). From 1940 to 1960 (prior to the arrival of large textile and apparel factories), the county’s population declined by 17.2% as younger people left in search of non-farm wage work (Alongways County Development Committee, 1963). By 1960 its population was just over 10,700 (its lowest level since 1900). Between 1960 and 1990 (during the height of its industrialized period), the population grew 27.9% to just over 13,700. Its population then surged by 27.1% from 1990 to 2000 to approximately 17,500. This increase includes approximately 1,500 inmates incarcerated in a state prison that located in the county in 1991 and approximately 1,550 people who relocated from other states since 1995 (Tennessee Department of Corrections, 2007; U.S. Bureau of the Census, 2002). Its estimated population in 2008 was just over 18,100. The age composition of the county’s population has also changed dramatically from 1950 to 2000 because of these shifts. In 1950, 40.9% of the population was age 18 and under and 8.1% was age 65 and over. In 2000, only 19.7% was under age 18 and 15.0% was age 65 and over (U.S. Bureau of the Census, 2008). Much of this increase in the age 65 and over group is due to an in-migration of retirees from other states (Alongways County Development Committee, 2001; U.S. Bureau of the Census, 2002).

The median age of the county’s population has risen steadily during the period from 1950 to 2000 (see Table 5.2). In 1950, it was 24.1 years which was below the median age of the state and U.S. populations of 27.3 years and 30.2 years respectively. However, by 1960 the county’s median age had risen to 29.0 years due to the out-migration of many younger
people; and the population age 39 and under decreased by 21.8% from 1950 to 1960 (Alongways County Development Committee, 1963). The county’s median age was 32.0 years in 1980 at the height of its industrialized period (just 2 years above the state and U.S. medians). As the county deindustrialized, younger people looked outside the county to find work. However, by the 1990s, the county had begun to attract retirees who were returning natives and others from outside the state who moved there because of its slower pace, low taxes and land prices, and its scenic, rural environment (Alongways County Development Committee, 2001). By 2000, the county’s median age had risen to 40.0 years, which was well above the state and U.S. medians of 35.9 years and 35.3 years, respectively. As I discuss later in my findings from my interviews, the aging of the county’s population has created tension between older and younger residents about the need for more educational opportunities in the county.

**Grant City’s Population Changes**

Grant City, the county seat, has always been a small town. From 1920 to 1960, its population ranged from approximately 1,000 to 1,400 (see Table 5.3). Unlike the county, the town grew the most between 1940 and 1950 when its population increased by 37.6% and it served as the main trading center for the county’s farm families (Alongways County Development Committee, 1963). Although the county’s population declined between 1950 and 1960 due to out-migration, the town’s population remained steady. Grant City’s population surged by 54.1% from 1960 to 1980 when it grew to just over 2,100 residents as several large textile and apparel factories located within and just outside its perimeter. However, the town’s growth slowed over the next two decades as these factories left; by the year 2000 its population was approximately 2,400.

**County Density Trends**

The county’s very rural nature is evident when compared to the state’s rural population and density (see Table 5.4). For example, in 1960, 100% of the county’s population lived in rural areas in contrast to the state’s rural population of 47%. By year 2000, 83.2% of the county’s population was rural but the state’s rural population was only 36.4%. From 1900 to 1990 the county’s population density ranged from 35.4 to 46.0 persons per square mile. Even after the growth surge during the 1990s, the county had only 58.5
Table 5.1: Alongways County population for decennial years, 1900-2000.

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</tr>
</thead>
<tbody>
<tr>
<td>Alongways County population</td>
<td>10,589</td>
<td>13,191</td>
<td>12,230</td>
<td>12,209</td>
<td>12,998</td>
<td>12,278</td>
<td>10,765</td>
<td>11,569</td>
<td>13,745</td>
<td>13,766</td>
<td>17,499</td>
</tr>
<tr>
<td>Change from previous decade</td>
<td>2,602</td>
<td>-961</td>
<td>-21</td>
<td>789</td>
<td>-720</td>
<td>-1,513</td>
<td>804</td>
<td>2,176</td>
<td>21</td>
<td>3,733</td>
<td></td>
</tr>
<tr>
<td>% Change</td>
<td>24.6%</td>
<td>-7.3%</td>
<td>-0.2%</td>
<td>6.5%</td>
<td>-5.5%</td>
<td>-12.3%</td>
<td>7.5%</td>
<td>18.8%</td>
<td>0.2%</td>
<td>27.1%</td>
<td></td>
</tr>
</tbody>
</table>


Table 5.2: Comparison of median age of population for Alongways County, Tennessee, and the U.S. for decennial years, 1950-2000.

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Median age of population</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alongways County</td>
<td>24.1</td>
<td>29.0</td>
<td>30.5</td>
<td>32.0</td>
<td>37.6</td>
<td>40.0</td>
</tr>
<tr>
<td>Tennessee</td>
<td>27.3</td>
<td>28.0</td>
<td>28.1</td>
<td>30.0</td>
<td>33.5</td>
<td>35.9</td>
</tr>
<tr>
<td>U.S.</td>
<td>30.2</td>
<td>29.5</td>
<td>28.1</td>
<td>30.0</td>
<td>32.9</td>
<td>35.3</td>
</tr>
</tbody>
</table>

persons per square mile in year 2000, which is relatively low when compared with the state and U.S. figures of 138.0 and 79.6 persons per square mile, respectively.

Factors Contributing to the County’s Isolation and Limited Infrastructure

Terrain, Transportation, and Utilities

The county lies across steep mountain ranges and narrow valleys with elevations ranging from 1,800 to 5,500 feet in the Appalachian Mountains of Tennessee. It covers approximately 300 square miles (of which 25% is national forest) (Alongways County Development Committee, 1963; Alongways County Development Committee, 2001, U.S. Bureau of the Census, 2002).

Transport options in the county have always been limited by its terrain. Travel into and out of the county by road is slow and dangerous, especially in winter. A U.S. highway and three state roads were upgraded in the early 1950s and are still the only major roads in the county. All of these are two-lane roads that wind through the sparsely populated valleys and across the heavily forested mountains (Alongways County Historical Society, 1986).

Railroad transport had provided freight and passenger service to the county from 1900 to the 1930s, but services were reduced as timber and mineral extraction declined. Rail service stopped completely in 1940 after a flood destroyed large portions of track (Alongways County Historical Society, 1986). Rail freight is now hauled by trucks to larger towns with rail service located at least 30 minutes away. Commercial air freight and passenger services are available at a small regional airport built in the late 1930s, but it is located over an hour away by auto (45 miles) (Tennessee Department of Economic and Community Development, 2007). The county built a 4,500 foot airstrip in 1969 that is used by small private planes, but there are no commercial services there (Alongways County Historical Society, 1986).

Electricity was not available in much of the county until 1949. In the 1940s, the Tennessee Valley Authority (TVA) built a dam to generate electricity and provide flood control. The dam was built on the county’s only major river and TVA purchased 12,000 acres of land (approximately 15% of the county’s land area) for its hydroelectric dam.
**Table 5.3:** Grant City population for decennial years, 1930-2000.

<table>
<thead>
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</tr>
</thead>
<tbody>
<tr>
<td>Grant City population</td>
<td>1058</td>
<td>1021</td>
<td>1405</td>
<td>1379</td>
<td>1883</td>
<td>2125</td>
<td>2169</td>
<td>2383</td>
</tr>
<tr>
<td>Change from previous decade</td>
<td>-37</td>
<td>384</td>
<td>-26</td>
<td>504</td>
<td>242</td>
<td>44</td>
<td>214</td>
<td></td>
</tr>
<tr>
<td>% Change</td>
<td>-3.5%</td>
<td>37.6%</td>
<td>-1.9%</td>
<td>36.5%</td>
<td>12.9%</td>
<td>2.1%</td>
<td>9.9%</td>
<td></td>
</tr>
</tbody>
</table>


**Table 5.4:** Alongways County density by persons per square mile for decennial years, 1900-2000.

<table>
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<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Alongways County</td>
<td>35.4</td>
<td>44.1</td>
<td>40.9</td>
<td>40.8</td>
<td>43.5</td>
<td>41.1</td>
<td>36.0</td>
<td>38.7</td>
<td>46.0</td>
<td>46.0</td>
<td>58.5</td>
</tr>
<tr>
<td>Tennessee</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>138.0</td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>79.6</td>
<td></td>
</tr>
</tbody>
</table>

When it was finished in late 1948, one of the county’s two incorporated towns and a fertile farm valley had been covered by a lake created by the project. Prior to that, some small private electric plants had provided electricity to about 10% of the population that lived in or near Grant City. However, by late 1949, a local power cooperative began purchasing power from the TVA system and by 1950 77% of the county’s farms had electricity (Alongways County Historical Society, 2000; U.S. Bureau of the Census, 1952b).

**Grant City’s Location, Business Activity, and Services**

Grant City is located in a central valley of the county and is surrounded by high mountain ranges. Two of the three state roads and the only U.S. highway intersect in the town. By road it is at least 45 minutes (30 miles) to the two nearest larger towns (with populations of approximately 13,000) and over an hour (35-55 miles) to the three nearest regional trading and manufacturing centers with populations between 40,000 to 50,000.

Many residents I knew, people I interviewed, and local newspaper articles remember and celebrate the period from 1940 to 1960 with nostalgia as it was the boom period for Grant City when it had a variety of retail establishments, restaurants, and a movie theater (Local newspaper, 2006b). In 1960, the county had 177 retail and 10 wholesale trade establishments and many were located in the town (Alongways County Development Committee, 1963). The main street of Grant City was the place where the county’s residents gathered on weekend nights for social activities and some fondly compared it to the town of Mayberry featured in the popular Andy Griffith television show of the 1960s. However, with the departure of many factories since the mid-1980s, the town’s character has changed. Today, its two main streets have very few retail shopping businesses, a few fast food restaurants and gas stations, a hardware store, a couple of local banks, three real estate offices, a funeral home, and three chain grocery stores. In late 2008, the county had only 48 retail trade establishments (Tennessee Department of Labor and Workforce Development, 2009).

The county’s medical services have generally been quite limited. In 1960, it had no hospital, two doctors, 2 dentists, and a small county health department with a nurse (Alongways County Development Committee, 1963). The county opened a non-profit hospital in 1972 as more factories came and provided workers with health insurance, but it
closed in 1988 when the county’s largest employer, a textile factory closed (Stanton, 1995). It reopened in 1992 as a smaller operation and with financial support from several local businessmen and administrative assistance and medical support from a regional medical center located outside the county. However, it closed permanently in 1998 because residents were going outside the county to get medical care at larger medical centers (Stanton, 1995; Alongways County Development Committee, 2001). In addition, multiple plant closures had left many residents without health insurance and left the county without tax revenues to sustain it (Alongways County Development Committee, 2001). Since then, a large regional health alliance network has operated a smaller medical clinic in Grant City that offers limited outpatient and primary care services and a 24-hour emergency unit.

In 1960, the town lacked an adequate water system to support industry and there was no solid waste service or sewer system. In the early 1960s, the town obtained a loan and grant from the U.S. Area Redevelopment Administration to build a water and sewer system with the capacity to support the needs of its newly built industrial site so that it could attract industry. However, the new industrial park with one building (owned by the county) was not easily accessed by any of the main roads. In the 1970s, a sewer system was built for the town. However, in the late 1990s, the town’s municipal water and sewer system was placed under a state moratorium to halt provision of services to new industries because the old system was unable to handle current usage, and this severely limited new industry recruitment (Staiger, 1999). Although the system has been upgraded, the town still has difficulties meeting state standards for wastewater treatment (Local newspaper, 2005). Outside the town, county residents still depend on small springs and wells for water, and use septic tanks as there is still no sewer system in the county. Drought conditions in 2008 caused water shortages in some communities located just outside the town.

**Infrastructure in the County’s Outlying Areas**

For many of the county’s households outside Grant City, isolation has been greater because of their distance from the main roads, lack of transportation, and limited communication technology. For example, in 1960, 33% of the county’s households did not have an automobile. Of the 1,680 farm households, 72% did not have one and 60% were located on an unpaved road. Communication was also limited because 70% of households
did not have a telephone (for farm households this was 85%), 30% did not have a television, and 11% did not have a radio (U.S. Bureau of the Census, 1961b).120

Today, county residents’ access to transportation, communication, and retail services is still relatively limited (Alongways County Development Committee, 2001; Stead & Stead, with Starik, 2004). There is no public transportation in the county and there are no four-lane highways that connect the county to adjacent counties. The nearest interstate highway is 25 miles away (a 40-minute drive) and the two nearest towns with a major medical center or university are 45 and 75 minutes away.

Cellular telephone service and broad-band internet access are available in the county, but services are unevenly distributed. Both are readily available in Grant City, but more remote areas of the county lack access to either. The local residents know exactly where cell phone service disappears when traveling on the county’s curving roads and warn callers that reception is about to disappear as they drive into dead service areas. Because of its geographic and economic isolation, Alongways County has been aptly described as “one of the very few points in the eastern United States where one must drive more than 30 minutes to get to a Wal-Mart” (McDowell, Steinberg, & Tomasello, 2008, p. 2). Indeed, the lack of good roads and a variety of retail shopping options, and especially the distance to a Wal-Mart, were frequent complaints voiced by those I interviewed. Most residents shop regularly at Wal-Mart stores in the two nearest towns, each about 45 minutes away in adjacent counties. Because more residents are working outside the county and are shopping elsewhere for most of their needs, county sales tax revenues have plunged and locally-owned, small retail businesses have closed (Alongways County Development Committee, 2001).

ALONGWAYS COUNTY’S CHRONICALLY “DISTRESSED” ECONOMIC STATUS

The chronically depressed economy of Alongways County is among “the worst 10% in the nation” (Appalachian Regional Commission, 2008c). Its relatively poor economy also places it among “the hard core of persistently distressed counties” in Appalachia according to the

120 Automobile and communication data was a census sample of 90% (2,900) of total households (3,257).
ARC (Wood & Bischak, 2000, p. 13). It is one of 62 (of 406) Appalachian counties that were designated as “distressed” by the ARC in census years 1960, 1970, 1980, 1990 and 2000, and it has remained on the annual distressed list of counties for years 2001-2008 (Appalachian Regional Commission, 2008a; Wood & Bischak, 2000, p. 13). The distressed designation is used by the ARC to identify the most economically depressed counties in Appalachia and is updated annually for purposes of allocating special area development funds (Wood & Bischak, 2000, p. 11).

The county’s distressed designation is based on its relatively high three–year average unemployment rate (at least 1.5 times the national average), its relatively low per capita market income (no greater than two–thirds of the national average), and its relatively high poverty rate (at least 1.5 times the national average) for a given year (Appalachian Regional Commission, 2008c). The figures in Table 5.5 show economic measures used by the ARC to determine the distressed status of Alongways County in 1960, 1970, 1980, 2000, and 2005. These years cover the time prior to the county’s industrialization in 1960, through its industrialized period (the 1960s-1980s), and well into its deindustrializing period (the 1990s to the present). The indicators used to determine the distressed designation in year 2005 are for the years 2000 to 2002. This period is just after TAC closed its plant in 1999 and it includes the three-year average unemployment rate for 2000-2002, the per capita market income (PCMI) for 2001, and the poverty rate for year 2000 (Appalachian Regional Commission, 2008d, para. 1).

Although the county’s PCMI increased over time, it reached its relative high point in the 1980 designation year (52.8% of the U.S average) when the county was at the height of its industrialized period (see Table 5.5). After just over a decade of deindustrialization, it fell to just

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121 The ARC is a “federal-state partnership that works with the people of Appalachia to create opportunities for self-sustaining economic development and improved quality of life” (Appalachian Regional Commission, 2008a, homepage, par. 1).
122 The actual distressed designation was created in 1983. The Wood & Bischak (2000) study used the ARC’s distress criteria to back cast the status of ARC counties for the census years 1960 and 1970.
123 Per capital market income is based on personal incomes less transfer payments (Wood, 2005).
124 The TAC workers collected severance pay for eight months and were not eligible to draw unemployment until sometime in year 2000. Also, most who were in any federally-funded education or training program (up to 2 years) would have finished by the end of 2001 or early 2002. Thus these unemployment figures are more likely to include the impact of those still not working after the TAC closure.
34.3% in 2001 (included in designation year 2005) of the U.S. average which is below its 1960 designation level when it was 35.8% of the U.S. average.

The county’s distressed status in 2005 does not reflect a trend in the state, region, or Appalachia. Its indicators are far worse than comparable regional and state figures which were near the national averages (see Table 5.6). Its unemployment and poverty rates were nearly twice the state rates and its per capita income was only 40% of the state PCI. It also fared worse than the Appalachian region averages as a whole.

**Distress Indicator Trends**

In just over four decades, the county’s poverty rate dropped dramatically from 62.7% to 22.6%, but was still 1.8 times the U.S. average in year 2000 (see Table 5.5).\(^{125}\) The decrease from 1960 to 1970 is rather remarkable and coincides with the county’s shift from an agricultural economy to a manufacturing economy in the 1960s (See Table 5.7\(^{126}\)). In 1960, 44.2% of the county’s employed population worked in agriculture and extractive industries and only 12.3% worked in manufacturing (66% in wood processing). This had reversed by 1970, when 12.3% were employed in agriculture and extractive industries and 47.9% were employed in manufacturing industries (with 70% of that in textile and apparel plants).

From 1990 onward, the county’s relatively high unemployment rates of 2 to 3 times the national average reflect the reduction of employment in manufacturing and the closing of five major employers in the textile and apparel industry (see Table 5.5). Between 1990 and 2000, manufacturing employment fell by 32.6% (a net loss of 694 jobs) and total employment fell by 11.8% (658 jobs) (See Table 5.7). Annual unemployment rates in the 1990s ranged from a low of 7.3% in 1991 to a high of 14% in the mid-1990s. Between 2000 and 2005 annual unemployment ranged from a high of 8.7% in 2003 to a low of 6.7% in 2006 (Tennessee Department of Labor & Workforce Development, 2007).

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\(^{125}\) Poverty figures are gathered in each decennial census and therefore, the 2000 and 2005 figure is the same.  
\(^{126}\) Table 5.7 covers four pages that are grouped as follows in this order: years 1930 & 1940, years 1950 & 1960, years 1970 & 1980, and years 1990 & 2000.
Table 5.5: ARC distress indicators for Alongways County for decennial years 1960-2000 and year 2005.

<table>
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</thead>
<tbody>
<tr>
<td><strong>Percent Living in Poverty</strong></td>
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</tr>
<tr>
<td>Alongways County</td>
<td>62.7</td>
<td>32.8</td>
<td>26.5</td>
<td>28.5</td>
<td>22.6</td>
<td>22.6</td>
</tr>
<tr>
<td>U.S. average</td>
<td>22.1</td>
<td>13.7</td>
<td>12.4</td>
<td>13.1</td>
<td>12.4</td>
<td>12.4</td>
</tr>
<tr>
<td>Alongways Co. as % of U.S. avg.</td>
<td>283.8%</td>
<td>238.9%</td>
<td>213.7%</td>
<td>217.5%</td>
<td>182.2%</td>
<td>182.2%</td>
</tr>
<tr>
<td><strong>Percent Unemployed</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alongways County</td>
<td>6.8</td>
<td>4.5</td>
<td>7.0</td>
<td>14.0</td>
<td>8.8</td>
<td>8.3</td>
</tr>
<tr>
<td>U.S. average</td>
<td>5.1</td>
<td>4.4</td>
<td>6.3</td>
<td>5.4</td>
<td>4.6</td>
<td>4.8</td>
</tr>
<tr>
<td>Alongways Co. as % of U.S. avg.</td>
<td>132.1%</td>
<td>102.7%</td>
<td>111.7%</td>
<td>259.7%</td>
<td>192.5%</td>
<td>170.9%</td>
</tr>
<tr>
<td><strong>Per capita market income (PCMI)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alongways County</td>
<td>$586</td>
<td>$1,580</td>
<td>$4,173</td>
<td>$6,738</td>
<td>$9,238</td>
<td>$9,013</td>
</tr>
<tr>
<td>U.S. average</td>
<td>$1,639</td>
<td>$3,490</td>
<td>$7,909</td>
<td>$15,617</td>
<td>$24,816</td>
<td>$26,309</td>
</tr>
<tr>
<td>Alongways Co. as % of U.S. avg.</td>
<td>35.8%</td>
<td>45.3%</td>
<td>52.8%</td>
<td>43.1%</td>
<td>37.2%</td>
<td>34.3%</td>
</tr>
</tbody>
</table>

Note: Non-copyrighted government data was furnished to author by the Appalachian Regional Commission (ARC) in Washington, DC.

Table 5.6: ARC distress indicators for designation year 2005.

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Alongways County</td>
<td>8.3%</td>
<td>$9,013</td>
<td>22.6%</td>
</tr>
<tr>
<td>Appalachian Region of Tennessee</td>
<td>4.5%</td>
<td>$19,415</td>
<td>14.2%</td>
</tr>
<tr>
<td>Appalachian Region (as a whole)</td>
<td>5.0%</td>
<td>$20,253</td>
<td>13.6%</td>
</tr>
<tr>
<td>Tennessee</td>
<td>4.5%</td>
<td>$22,399</td>
<td>13.5%</td>
</tr>
<tr>
<td>U.S.</td>
<td>4.8%</td>
<td>$26,309</td>
<td>12.4%</td>
</tr>
</tbody>
</table>

Other Economic Indicators of a Marginal Economy

The county’s per capita market income (PCMI) of $9,238 in year 2000 was only 69.0% of its per capita income of $13,388 for that year (Appalachian Regional Commission, 2008d; U.S. Bureau of the Census, 2003). This difference is due to income from transfer payments that are included in per capita income. Of the county’s households, 36.9% had Social Security income, 9.7% had Supplemental Social Security, and 5.1% had public assistance (5.1%). All of these ratios are higher than the corresponding national figures of 25.7%, 4.4%, and 3.4% (U.S. Bureau of the Census, 2003).

The old-age dependency ratio measures the size of the population age 65 and over relative to those ages 18 to 64 (the ages of the typical workforce) (see Table 5.8). This ratio for Alongways County is 23.0%, which is higher than the state and national figures of 19.6% and 20.1% respectively, and this partly accounts for higher income from Social Security.

In addition, the county’s median family income (MFI) from 1960 to 2000 has been low in relation to the national figure (see Table 5.9). In 1960 it was only $1,784, or 31.7% of the U.S. MFI. For census years 1970 through 1990, the county MFI ranged between 50% and 53% of the U.S. MFI. In year 2000, the county’s MFI was $28,400, or 56% of the U.S. MFI of $56,604.

The County’s “Hard-core” Distress Trend

The number of distressed counties in the ARC dropped dramatically from the 1960s to 1980s, but rose from 1990-2000, and then steadily decreased each year from 2002-2007, which follows the general trend for non-ARC counties in the U.S (Wood, 2005; Wood & Bischak, 2000, p. 41). However, Alongways County runs contrary to this trend; it has always been and remains on the distressed list, despite its location in Southern Appalachia.

\[\text{127} \text{ In year 2000, four counties were added to the ARC and raised the total to 410 (Wood & Bischak, 2000, p. 41). } \]

Table 5.7: Alongways County employment by industry for years 1930-1940.

<table>
<thead>
<tr>
<th>Industry</th>
<th>1930</th>
<th>1940</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Agriculture and Extractive Industries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td>2,152</td>
<td>215</td>
</tr>
<tr>
<td>Forestry and fisheries</td>
<td>19</td>
<td>0</td>
</tr>
<tr>
<td>Mining</td>
<td>37</td>
<td>0</td>
</tr>
<tr>
<td>Total Agriculture &amp; Extractive Industries</td>
<td>2,208</td>
<td>215</td>
</tr>
<tr>
<td>Construction &amp; Building</td>
<td>62</td>
<td>0</td>
</tr>
<tr>
<td>Manufacturing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary Metals &amp; Metal processing</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Furniture, lumber &amp; wood products</td>
<td>129</td>
<td>3</td>
</tr>
<tr>
<td>Machinery &amp; Equipment</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Food products</td>
<td>11</td>
<td>0</td>
</tr>
<tr>
<td>Textiles</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Apparel</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Stone, clay, &amp; glass products</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Chemicals &amp; allied products</td>
<td>17</td>
<td>1</td>
</tr>
<tr>
<td>All Other</td>
<td>18</td>
<td>5</td>
</tr>
<tr>
<td>Total Manufacturing</td>
<td>183</td>
<td>16</td>
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<tr>
<td>Transportation, communication, &amp; utilities</td>
<td>227</td>
<td>7</td>
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<tr>
<td>Trade, Services, and Government</td>
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</tr>
<tr>
<td>Trade - wholesale &amp; retail</td>
<td>151</td>
<td>9</td>
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<tr>
<td>Financial, insurance, &amp; real estate</td>
<td>13</td>
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<td>Medical &amp; Health related</td>
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<td>0</td>
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<tr>
<td>Other services</td>
<td>15</td>
<td>0</td>
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<tr>
<td>Personal services</td>
<td>93</td>
<td>252</td>
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<tr>
<td>Education</td>
<td>n/a</td>
<td>n/a</td>
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<tr>
<td>Public Administration &amp; government</td>
<td>147</td>
<td>4</td>
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<tr>
<td>Total Trade, Services, and Government</td>
<td>419</td>
<td>267</td>
</tr>
<tr>
<td>Total All</td>
<td>3,099</td>
<td>505</td>
</tr>
<tr>
<td>% male vs. female</td>
<td>86.0%</td>
<td>14.0%</td>
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Table 5.7 continued: Alongways County employment by industry for years 1950-1960.

<table>
<thead>
<tr>
<th>Industry</th>
<th>1950</th>
<th></th>
<th></th>
<th>1960</th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Total</td>
<td>%</td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td><strong>Agriculture and Extractive Industries</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td>1,785</td>
<td>27</td>
<td>1,812</td>
<td>54.3%</td>
<td>1,135</td>
<td>53</td>
</tr>
<tr>
<td>Forestry and fisheries</td>
<td>3</td>
<td>0</td>
<td>3</td>
<td>0.1%</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Mining</td>
<td>34</td>
<td>2</td>
<td>36</td>
<td>1.1%</td>
<td>9</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Agriculture &amp; Extractive Industries</strong></td>
<td>1,822</td>
<td>29</td>
<td>1,851</td>
<td>55.4%</td>
<td>1,148</td>
<td>53</td>
</tr>
<tr>
<td><strong>Construction &amp; Building</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>266</td>
<td>1</td>
<td>0</td>
<td>267</td>
<td>8.0%</td>
<td>167</td>
<td>4</td>
</tr>
<tr>
<td><strong>Manufacturing</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary Metals &amp; Metal processing</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>0.1%</td>
<td>37</td>
<td>0</td>
</tr>
<tr>
<td>Furniture, lumber &amp; wood products</td>
<td>239</td>
<td>29</td>
<td>268</td>
<td>8.0%</td>
<td>132</td>
<td>0</td>
</tr>
<tr>
<td>Machinery &amp; Equipment</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>0.0%</td>
<td>12</td>
<td>4</td>
</tr>
<tr>
<td>Food products</td>
<td>7</td>
<td>0</td>
<td>7</td>
<td>0.2%</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Textiles</td>
<td>38</td>
<td>8</td>
<td>46</td>
<td>1.4%</td>
<td>20</td>
<td>24</td>
</tr>
<tr>
<td>Apparel</td>
<td>0</td>
<td>6</td>
<td>6</td>
<td>0.2%</td>
<td>0</td>
<td>16</td>
</tr>
<tr>
<td>Stone, clay, &amp; glass products</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Chemicals &amp; allied products</td>
<td>35</td>
<td>3</td>
<td>38</td>
<td>1.1%</td>
<td>48</td>
<td>0</td>
</tr>
<tr>
<td>All Other</td>
<td>35</td>
<td>0</td>
<td>35</td>
<td>1.0%</td>
<td>27</td>
<td>18</td>
</tr>
<tr>
<td><strong>Total Manufacturing</strong></td>
<td>358</td>
<td>46</td>
<td>402</td>
<td>12.0%</td>
<td>280</td>
<td>67</td>
</tr>
<tr>
<td><strong>Trade, Services, and Government</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade - wholesale &amp; retail</td>
<td>186</td>
<td>64</td>
<td>250</td>
<td>7.5%</td>
<td>174</td>
<td>128</td>
</tr>
<tr>
<td>Financial, insurance, &amp; real estate</td>
<td>11</td>
<td>5</td>
<td>16</td>
<td>0.5%</td>
<td>12</td>
<td>4</td>
</tr>
<tr>
<td>Medical &amp; Health related</td>
<td>14</td>
<td>11</td>
<td>25</td>
<td>0.7%</td>
<td>0</td>
<td>28</td>
</tr>
<tr>
<td>Other services</td>
<td>76</td>
<td>10</td>
<td>86</td>
<td>2.6%</td>
<td>44</td>
<td>38</td>
</tr>
<tr>
<td>Personal services</td>
<td>70</td>
<td>45</td>
<td>115</td>
<td>3.4%</td>
<td>108</td>
<td>53</td>
</tr>
<tr>
<td>Education</td>
<td>41</td>
<td>91</td>
<td>132</td>
<td>4.0%</td>
<td>61</td>
<td>110</td>
</tr>
<tr>
<td>Public Administration &amp; government</td>
<td>68</td>
<td>19</td>
<td>87</td>
<td>2.6%</td>
<td>55</td>
<td>42</td>
</tr>
<tr>
<td><strong>Total Trade, Services, and Government</strong></td>
<td>280</td>
<td>181</td>
<td>461</td>
<td>13.8%</td>
<td>280</td>
<td>275</td>
</tr>
<tr>
<td><strong>Total All</strong></td>
<td>3,013</td>
<td>328</td>
<td>3,339</td>
<td>100.0%</td>
<td>2,186</td>
<td>531</td>
</tr>
<tr>
<td>% male vs. female</td>
<td>90.2%</td>
<td>9.8%</td>
<td></td>
<td></td>
<td>80.5%</td>
<td>19.5%</td>
</tr>
</tbody>
</table>

Source: Data from U.S. Bureau of the Census (1952a & 1961a).
Table 5.7 continued: Alongways County employment by industry for years 1970-1980.

<table>
<thead>
<tr>
<th>Alongways County Employment by Industry</th>
<th>1970</th>
<th>1980</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Agriculture and Extractive Industries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture ³</td>
<td>430</td>
<td>13</td>
</tr>
<tr>
<td>Forestry and fisheries</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mining</td>
<td>54</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Agriculture &amp; Extractive Industries</strong></td>
<td>484</td>
<td>13</td>
</tr>
<tr>
<td>Construction &amp; Building</td>
<td>360</td>
<td>6</td>
</tr>
<tr>
<td>Manufacturing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary Metals &amp; Metal processing</td>
<td>39</td>
<td>0</td>
</tr>
<tr>
<td>Furniture, lumber &amp; wood products</td>
<td>233</td>
<td>14</td>
</tr>
<tr>
<td>Machinery &amp; Equipment</td>
<td>140</td>
<td>34</td>
</tr>
<tr>
<td>Food products</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Textiles</td>
<td>334</td>
<td>619</td>
</tr>
<tr>
<td>Apparel ⁴</td>
<td>210</td>
<td>194</td>
</tr>
<tr>
<td>Stone, clay, &amp; glass products</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Chemicals &amp; allied products</td>
<td>0</td>
<td>35</td>
</tr>
<tr>
<td>All Other</td>
<td>50</td>
<td>28</td>
</tr>
<tr>
<td><strong>Total Manufacturing</strong></td>
<td>1,006</td>
<td>929</td>
</tr>
<tr>
<td>Transportation, communication, &amp; utilities</td>
<td>145</td>
<td>14</td>
</tr>
<tr>
<td>Trade, Services, and Government</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade - wholesale &amp; retail</td>
<td>256</td>
<td>148</td>
</tr>
<tr>
<td>Financial, insurance, &amp; real estate</td>
<td>16</td>
<td>11</td>
</tr>
<tr>
<td>Medical &amp; Health related</td>
<td>4</td>
<td>44</td>
</tr>
<tr>
<td>Other services</td>
<td>49</td>
<td>59</td>
</tr>
<tr>
<td>Personal services</td>
<td>80</td>
<td>119</td>
</tr>
<tr>
<td>Education</td>
<td>63</td>
<td>165</td>
</tr>
<tr>
<td>Public Administration &amp; government</td>
<td>31</td>
<td>39</td>
</tr>
<tr>
<td><strong>Total Trade, Services, and Government</strong></td>
<td>243</td>
<td>437</td>
</tr>
<tr>
<td><strong>Total All</strong></td>
<td>2,494</td>
<td>1,547</td>
</tr>
<tr>
<td>% male vs. female</td>
<td><strong>61.7%</strong></td>
<td><strong>38.3%</strong></td>
</tr>
</tbody>
</table>


³ In the 1970 census, the categories for Agriculture and Forestry and fisheries were combined.

⁴ In 1980, apparel was included in textiles.
Table 5.7 continued: Alongways County employment by industry for years 1990-2000.

<table>
<thead>
<tr>
<th>Industry</th>
<th>1990</th>
<th>2000</th>
<th>% Male</th>
<th>% Female</th>
<th>Total</th>
<th>% Male</th>
<th>% Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Agriculture and Extractive Industries</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td>192</td>
<td>6</td>
<td>198</td>
<td>3.6%</td>
<td>196</td>
<td>4</td>
<td>200</td>
<td>4.1%</td>
</tr>
<tr>
<td>Forestry and fisheries</td>
<td>6</td>
<td>0</td>
<td>6</td>
<td>0.1%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Mining</td>
<td>38</td>
<td>0</td>
<td>38</td>
<td>0.7%</td>
<td>48</td>
<td>0</td>
<td>48</td>
<td>1.0%</td>
</tr>
<tr>
<td><strong>Total Agriculture &amp; Extractive Industries</strong></td>
<td>236</td>
<td>6</td>
<td>242</td>
<td>4.4%</td>
<td>244</td>
<td>4</td>
<td>248</td>
<td>5.1%</td>
</tr>
<tr>
<td><strong>Construction &amp; Building</strong></td>
<td>539</td>
<td>24</td>
<td>563</td>
<td>10.2%</td>
<td>872</td>
<td>49</td>
<td>921</td>
<td>18.9%</td>
</tr>
<tr>
<td><strong>Manufacturing</strong></td>
<td>1,130</td>
<td>996</td>
<td>2,126</td>
<td>38.4%</td>
<td>946</td>
<td>486</td>
<td>1,432</td>
<td>29.4%</td>
</tr>
<tr>
<td>Primary Metals &amp; Metal processing</td>
<td>27</td>
<td>8</td>
<td>35</td>
<td>0.6%</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Furniture, lumber &amp; wood products</td>
<td>546</td>
<td>83</td>
<td>629</td>
<td>11.4%</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Machinery &amp; Equipment</td>
<td>94</td>
<td>28</td>
<td>122</td>
<td>2.2%</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Food products</td>
<td>15</td>
<td>0</td>
<td>15</td>
<td>0.3%</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Textiles</td>
<td>198</td>
<td>756</td>
<td>954</td>
<td>17.2%</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Apparel</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Stone, clay, &amp; glass products</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.0%</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Chemicals &amp; allied products</td>
<td>44</td>
<td>13</td>
<td>57</td>
<td>1.0%</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>All Other</td>
<td>206</td>
<td>108</td>
<td>314</td>
<td>5.7%</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Total Manufacturing</strong></td>
<td>1,130</td>
<td>996</td>
<td>2,126</td>
<td>38.4%</td>
<td>946</td>
<td>486</td>
<td>1,432</td>
<td>29.4%</td>
</tr>
<tr>
<td><strong>Transportation, communication, &amp; utilities</strong></td>
<td>313</td>
<td>63</td>
<td>376</td>
<td>6.8%</td>
<td>250</td>
<td>33</td>
<td>283</td>
<td>5.8%</td>
</tr>
<tr>
<td><strong>Trade, Services, and Government</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade - wholesale &amp; retail</td>
<td>382</td>
<td>499</td>
<td>881</td>
<td>15.9%</td>
<td>364</td>
<td>403</td>
<td>767</td>
<td>15.7%</td>
</tr>
<tr>
<td>Financial, insurance, &amp; real estate</td>
<td>38</td>
<td>96</td>
<td>134</td>
<td>2.4%</td>
<td>74</td>
<td>67</td>
<td>141</td>
<td>2.9%</td>
</tr>
<tr>
<td>Medical &amp; Health related</td>
<td>59</td>
<td>185</td>
<td>244</td>
<td>4.4%</td>
<td>94</td>
<td>491</td>
<td>585</td>
<td>12.0%</td>
</tr>
<tr>
<td>Other services</td>
<td>51</td>
<td>74</td>
<td>125</td>
<td>2.3%</td>
<td>110</td>
<td>102</td>
<td>212</td>
<td>4.3%</td>
</tr>
<tr>
<td>Personal services</td>
<td>152</td>
<td>151</td>
<td>303</td>
<td>5.5%</td>
<td>265</td>
<td>577</td>
<td>842</td>
<td>17.3%</td>
</tr>
<tr>
<td>Education</td>
<td>168</td>
<td>240</td>
<td>408</td>
<td>7.4%</td>
<td>80</td>
<td>370</td>
<td>450</td>
<td>9.2%</td>
</tr>
<tr>
<td>Public Administration &amp; government</td>
<td>70</td>
<td>65</td>
<td>135</td>
<td>2.4%</td>
<td>214</td>
<td>216</td>
<td>430</td>
<td>8.8%</td>
</tr>
<tr>
<td><strong>Total Trade, Services, and Government</strong></td>
<td>538</td>
<td>811</td>
<td>1349</td>
<td>24.4%</td>
<td>837</td>
<td>1823</td>
<td>2660</td>
<td>54.5%</td>
</tr>
<tr>
<td><strong>Total All</strong></td>
<td>3,138</td>
<td>2,399</td>
<td>5,537</td>
<td>100.0%</td>
<td>2,567</td>
<td>2,312</td>
<td>4,879</td>
<td>100.0%</td>
</tr>
<tr>
<td>% male vs. female</td>
<td>56.7%</td>
<td>43.3%</td>
<td></td>
<td></td>
<td>52.6%</td>
<td>47.4%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Data from U.S. Bureau of the Census (1993 & 2002).

5 In the 2000 census, the categories for Agriculture and Forestry and fisheries were combined. 6 Individual categories for Manufacturing not available in 2000. About 500 people were employed in apparel and textile industries (U.S. Bureau of the Census, 2009).
Table 5.8: Alongways County old-age and child-dependency ratios for year 2000.

<table>
<thead>
<tr>
<th>Old-age dependency ratio</th>
<th>Age 65 &amp; over</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alongways County</td>
<td>23.0%</td>
</tr>
<tr>
<td>Tennessee</td>
<td>19.6%</td>
</tr>
<tr>
<td>U.S.</td>
<td>20.1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Child dependency-age dependency ratio</th>
<th>Age under 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alongways County</td>
<td>30.2%</td>
</tr>
<tr>
<td>Tennessee</td>
<td>39.0%</td>
</tr>
<tr>
<td>U.S.</td>
<td>41.5%</td>
</tr>
</tbody>
</table>

Source: Data from U.S. Bureau of the Census (2003).

Table 5.9: Alongways County median family income for decennial years, 1960-2000.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Geographic Region</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>$5,620</td>
<td>$9,867</td>
<td>$21,023</td>
<td>$35,353</td>
<td>$50,732</td>
</tr>
<tr>
<td>Alongways County</td>
<td>$1,784</td>
<td>$4,986</td>
<td>$11,058</td>
<td>$18,024</td>
<td>$28,400</td>
</tr>
<tr>
<td>As % of U.S. MFI</td>
<td>31.7%</td>
<td>50.5%</td>
<td>52.6%</td>
<td>51.0%</td>
<td>56.0%</td>
</tr>
</tbody>
</table>

which as has experienced “the most remarkable improvement in distressed conditions over time” (Appalachian Regional Commission, 2008e; Wood, 2005, p. 17). The number of distressed counties in Southern Appalachia dropped from 64% in 1960 to only 13% in 2000 (Wood and Bischak, 2000).

Alongways County’s deviation from this trend reflects the fact that distressed conditions in Appalachia as a whole have varied greatly over time, and intra-regionally, more than anywhere else in the U.S. The chronic economic blight in Alongways County more closely resembles the pattern of “hard-core, persistent distress” found in the Central Appalachian counties (primarily in Southwest Virginia, Eastern Kentucky, and most of West Virginia), where 46% of counties were economically distressed in year 2000 (Wood, 2005, p. 17).

Factors that Contribute to Alongways County’s Distressed Economy

Significant socioeconomic and economic structural factors, as well as regional and macroeconomic policies, are contributors to long-term economic distress. Wood (2005) found several characteristics among the most economically distressed U.S. counties that distinguish them from non-distressed counties. They are very rural, are not located within an easy commute to more urban areas, have relatively low populations and education attainment levels, have high levels of youth out-migration, and have a higher percentage of minorities. This describes the situation in Alongways County now and in the past, with the exception that its population has always been at least 96% white (U.S. Bureau of the Census, 1933, 1943, 1952a, 1961a, 1972, 1983, 1993, & 2002).

In addition, distressed counties have similarities in their economic structures. They have fewer high-wage professional service jobs relative to those in non-professional services, manufacturing, and natural resource extraction. Wood (2005) found that counties that lack a diverse economic base are likely to remain economically depressed because of sudden changes in their economic structure:

---

128 This is in comparison to the Northern and Central Appalachian sub-regions and ten other regions covering the rest of the U.S.
129 The county’s sectoral employment shifts and out-migration, and educational attainment will be discussed in later sections of this chapter.
In general, without a well-diversified mix of economic activity, distressed rural communities are vulnerable to sudden economic change. For example, the closing of a manufacturing plant in a rural area, or the sudden loss of jobs in a natural resource based sector, can have a harsh impact upon a rural community, leading to sudden and severe unemployment and affecting issues of poverty, income, and social well-being more generally (p. 34).

The economic structure of Alongways County also fits the pattern described by Wood above. It has historically lacked a diverse economy and major shifts in sectoral employment have occurred over short time spans which have contributed to the out-migration of younger people and to high unemployment and underemployment of its residents. Its low labor force participation rates, sectoral employment shifts, and low educational attainment are discussed in the following sections.

LOW LABOR FORCE PARTICIPATION AND CONTRIBUTING FACTORS

Chronic Underemployment

While the county has long suffered from out-migration among its younger and more educated residents, many more have not left for jobs elsewhere. Appalachian scholar Ron Eller has referred to the relatively immobile and poorer residents of Appalachia as “a placed population” that cannot easily move to other locations to get employment because they lack the appropriate education, must care for dependent relatives, or have strong ties to their communities and culture. Many of the displaced workers I interviewed cited these among the reasons that they stayed. The attachment to place is quite prevalent among the former TAC workers and several said they stayed simply because “it’s home” and they could not imagine living anywhere else when I asked where they might have gone if they had moved away. Economic geographer Amy Glasmeier has noted that many of the poor in Appalachia “have gone in and out of the labor market and in and out of being really poor” over many decades as jobs come and go (Baldwin, 1998). This cycle has occurred often in Alongways County as it has shifted its dependency from one industry to another.
Thus, the depressed economic situation in Alongways County is due, in part, to the trend of underemployment among residents who remained, as indicated by the county’s historically low labor force participation rates. This trend has been punctuated by periods of lower participation that coincide with shifts in the employment base of the county’s economy.

**Labor Force Participation**

*The Pre-industrial Era*

Prior to its industrialization, the county’s labor force participation rates ranged between a high of 42.8% in 1940 and a low of 38.4% in 1960 (see Table 5.10). This is well below the national rates that ranged between 52.2% and 55.3%. From 1940 to 1960, women’s participation rates in Alongways County were extremely low because few worked in paid employment, although most worked as unpaid family labor on farms. From 1940 to 1960, the county’s women’s participation rates ranged from 7.5% to 14.8% (when the U.S. rates were between 25% and 35%). However, men’s rates in the county during these six decades (1940 to 2000) were at their highest levels during 1940 and 1950 (at 78.8% and 74.7%), when almost all worked in the agriculture, lumber and mineral extraction industries (see Table 5.7). This was similar to the U.S. rate for men at approximately 79% in 1940 and 1950. Participation rates for the county’s men then fell to 62.9% in 1960 with the decline of farming and mineral extraction.

*The Industrialized Era*

During the industrialized era from 1970 to 1990, the county’s labor force participation rate rose (see Table 5.10). By 1970 it had jumped to 51.3% (a 12.9% increase from 1960) and stabilized at approximately 55% in 1980 and 1990 (U.S rates ranged from 58% to 65% from 1970 to 1990). This was due to the large increase in women’s participation rates. After the arrival of several apparel and textile manufacturers, women’s rates jumped to 37.4% in 1970 (a 22.6% increase from 1960) and stabilized at approximately 46% in 1980 and 1990. Men’s participation rates rose only to 66.3% in 1970 (a 3.4% increase from 1960) and stabilized at approximately 64% in 1980 and 1990.

*The De-industrializing Era*

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130 The U.S. Bureau of the Census included persons who were employed or looking for work in the labor force. For years 1940 to 1960 this included those age 14 and over and from 1970 onward it included those age 16 and over.
Between 1988 and 2000, the county lost three of its largest apparel and textile manufacturing plants, and its total labor force participation fell from 55.0% to 47.0% (see Table 5.10). In year 2000, its rate was 16.9% below the U.S. total labor force participation rate, the same gap that existed in 1960. Women’s participation, although well below the state and U.S. rates (both at approximately 57%), remained stable at 45.8% as they shifted into jobs in the retail trade, services, and government sectors (see Table 5.7). However, men’s participation dropped dramatically, from 64.6% in 1990 to 47.9% in 2000 as fewer men than women shifted to the service and government sectors. They remained concentrated in the remaining manufacturing plants, and shifted into construction, and the transportation, communication and utilities sectors.

By year 2000, the labor force participation rate of county men was at its lowest point for the period from 1940 to 2000 (see Table 5.10). It was only 2.1% higher than the county women’s rate and the two groups’ rates had never been so close during the period from 1940 to 2000. Although rates for all men under age 65 had fallen, rates for men ages 25 to 54 had declined the most, from 84.0% in 1990 to 55.5% in 2000 (see Table 5.11). The decline for men age 20-24 was only slightly less dramatic, from 80.2% to 58.6%.

Factors Contributing to High Non-Participation Rates

In 2000, 53% of the people age 16 and over in the county (7,644 people) were not in the labor force (See Table 5.10). Of this group, 34.3% were age 65 and over (2,632 people). This had dropped from 42.5% in 1990. The county also had a large number of disabled people in the year 2000. The proportion of disabled residents in the county was 32.6% and was the second highest of 96 counties in the state of Tennessee (U.S. Bureau of the Census, 2002). Of the population ages 16 to 64 who were disabled, 20% (2,364 persons) had a disability that prevented them from working and this had increased from 1990 when 11.6% (1,002 persons) had an employment disability. In addition, those not in the labor force included approximately 1,500 inmates in a state prison that is located in the county (Tennessee Department of Corrections, 2007).

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131 The total participation rates for the U.S. and state in 2000 were both at 64%.
SHIFTS IN SECTORAL EMPLOYMENT OVER THREE ERAS, CONTRIBUTING FACTORS, AND THE IMPACT ON THE COUNTY’S WORKERS

As discussed earlier in this chapter, Alongways County has had a long-term trend of underemployment and low labor force participation throughout the period from 1940 to 2000. My findings discussed in this section show that the county’s economy has been relatively undiversified for most of this period. The county’s employment base has been concentrated in a few industries that have left its workers quite vulnerable when employment in these industries declined and has resulted in periods of relatively high unemployment. In the following sections, I discuss shifts in sectoral employment during the pre-industrial era, the industrialized era, and the deindustrializing era, and factors that are related to these shifts as well as the impact of these changes on the economic situation of the county and its workers.

The Pre-Industrial Era – 1930 to 1960

The Rise and Decline of Agriculture

During the pre-industrial period, farm land occupied between 61% (in 1930) and 54% (in 1959) of the county’s total land area (approximately 191,000 acres). The average size of farms was relatively small and ranged from 72 acres (in 1930) to 62 acres (in 1959) (the state average was 102 acres in 1959) (U.S. Bureau of the Census, 1931-32, 1942-43, 1952b, & 1961b).

The county’s terrain is very mountainous and its small, hilly farms were not able to use large-scale, mechanized production. The economy of the county was based largely on subsistence farming until the late 1930s. However, Alongways County’s farmers shifted to

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132 In the following sections I examine employment by industry sector and business patterns for the county using data from the U.S. Bureau of the Census historical decennial Censuses of Population and the Censuses of Agriculture and Manufacturing. Although labor force participation data was not available for the year 1930, the census for that year did include employment by industry sector for the county and I include that data in my analysis. I also use data gathered from documents, archival records, interviews and personal records and observations (these were described in the Data Collection section of Ch. 3).

133 The year 2000 is the latest census year that was available. However, it did not include a breakdown of employment in manufacturing by categories as in earlier years. In my analysis of sectoral employment for year 2000, I used the U.S. Census of Manufacturing data for years 1997 and 2002 (published every five years) and the U.S. Census County Business Patterns for year 2000 to estimate county employment in apparel and textiles.
Table 5.10: Alongways County labor force population and participation rates for decennial years, 1940-2000.

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>Labor force population (age 14/16 and over)</td>
<td>8,623</td>
<td>8,286</td>
<td>7,612</td>
<td>8,241</td>
<td>10,264</td>
<td>11,006</td>
<td>14,447</td>
</tr>
<tr>
<td>As % of county total population</td>
<td>66.3</td>
<td>67.5</td>
<td>70.7</td>
<td>71.2</td>
<td>74.7</td>
<td>80.0</td>
<td>82.6</td>
</tr>
<tr>
<td>Labor Force Participation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>% in labor force (Men &amp; Women)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alongways County</td>
<td>42.8</td>
<td>41.6</td>
<td>38.4</td>
<td>51.3</td>
<td>55.3</td>
<td>55.0</td>
<td>47.0</td>
</tr>
<tr>
<td>U.S.</td>
<td>52.2</td>
<td>53.5</td>
<td>55.3</td>
<td>58.2</td>
<td>60.2</td>
<td>65.3</td>
<td>63.9</td>
</tr>
<tr>
<td>Women’s Labor Force Participation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>% in labor force</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alongways County</td>
<td>7.5</td>
<td>8.3</td>
<td>14.8</td>
<td>37.4</td>
<td>47.0</td>
<td>46.0</td>
<td>45.8</td>
</tr>
<tr>
<td>U.S.</td>
<td>25.4</td>
<td>28.9</td>
<td>34.4</td>
<td>41.4</td>
<td>49.9</td>
<td>56.8</td>
<td>57.5</td>
</tr>
<tr>
<td>Men’s Labor Force Participation</td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>% in labor force</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alongways County</td>
<td>78.8</td>
<td>74.7</td>
<td>62.9</td>
<td>66.3</td>
<td>64.2</td>
<td>64.6</td>
<td>47.9</td>
</tr>
<tr>
<td>U.S.</td>
<td>79.0</td>
<td>78.7</td>
<td>77.4</td>
<td>76.6</td>
<td>75.1</td>
<td>74.4</td>
<td>70.7</td>
</tr>
</tbody>
</table>


The U.S Census for years 1930 to 1960 includes all persons age 14 years and over as potential participants in the labor force. This changed to all persons age 16 years and over in 1970.

Table 5.11: Alongways County percentage of men in labor force by age group for years 1990 and 2000.

<table>
<thead>
<tr>
<th>Year</th>
<th>1990</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alongways County Men (age 16 and over)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% in labor force</td>
<td>64.6</td>
<td>47.9</td>
</tr>
<tr>
<td>% of each age group in labor force</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16-19</td>
<td>45.3</td>
<td>37.6</td>
</tr>
<tr>
<td>20-24</td>
<td>80.2</td>
<td>58.6</td>
</tr>
<tr>
<td>25-54</td>
<td>84.0</td>
<td>55.5</td>
</tr>
<tr>
<td>55-64</td>
<td>57.7</td>
<td>40.8</td>
</tr>
<tr>
<td>65-69</td>
<td>17.5</td>
<td>17.5</td>
</tr>
<tr>
<td>70 &amp; over</td>
<td>10.2</td>
<td>14.8</td>
</tr>
</tbody>
</table>

production of hand-harvested cash crops and dairy products for markets in the 1940s. They concentrated on a few crops, such as strawberries, tobacco, grains, and beans. Still, there was not a lot of money made on such small farms, and the average annual gross income (AGI) for the county’s farmers in 1959 was only $900, and 66% of those had less than $1,200 AGI.

Green bean production is an example of this crop concentration and illustrates the rise and fall of farming in the county and how its decline affected the county’s workers. It was a major cash crop from the late 1930s until the mid-1950s. In 1944, 58% of the county’s farms were producing green beans and the county had more farm acres planted in green beans than any other county in the state of Tennessee [U.S. Bureau of the Census, 1944]. The county’s residents still proudly claim that it was the “Green Bean Capital” of the Southeast and several of the former TAC workers I interviewed mentioned this. One former TAC worker remembered that during her childhood in the 1940s “everybody picked beans.” Bean harvesting offered some farm families the opportunity to earn a cash wage, but bean pickers average wages were a $1 a day (at the rate of 10 cents per bushel) (Alongways County Historical Society, 2000). Another former TAC worker told of being from a large family who picked beans together to maximize their income; she began at age five with her mother and siblings:

And, so, my mom said, well, [some] people won’t let kids in their fields, and this one guy said, you have them ready in the morning. And, they gave us a bucket a piece, told us how to take care of the vines, and said she doubled her yield on picking beans that day with her four kids that was young, you know, that was at home. And, then, of course, my brother [who had a disability], they just put him under a shade tree…

As I discuss next, by the 1950s, many families could no longer make a living at farming and they left the county to find work.

**The Great Out-migration in Alongways County**

During this pre-industrial period, several of the county’s farm families migrated back and forth for work between Alongways County and other states. In Alongways County, they planted

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134 A few entrepreneurial farmers leased farmland from others and organized this large scale production. They hauled in pickers from inside and outside the county. They were able to get between $1.50 and $2.50 per bushel. Thus, some were making quite good money at bean farming while it lasted.
and harvested beans and tobacco and other various crops, and when those seasons ended they worked on mushroom farms in Pennsylvania. Some migrated to adjacent states to work in manufacturing plants. However, by the mid-1950s, larger-scale farming had become more common in other areas of the Southeast and the county’s hilly farms could not compete with the mechanized production used on larger farms with level terrain. Also, by this time, the bean industry had shifted to canned rather than fresh green beans and this ended much of the work for the bean pickers (Alongways County Historical Society, 1986 & 2000; Alongways County Development Committee, 1963). After that, tobacco became the major cash crop for farmers.

Between 1950 and 1960, the decline in agriculture and the closure of a furniture plant\(^\text{135}\) in an adjacent county caused a huge out-migration of farm families, and nearly 2,900 people left (the net loss in population was approximately 1,500 people) (Alongways County Development Committee, 1963, p. 18). Some families moved to the Northeast (where they had worked in mushroom farms) to work in factories there. One former TAC worker recalled this pattern of exodus for work from her childhood in the 1950s:

> When I was a little girl, but there was a [furniture] plant in [an adjacent county]. It was where everybody worked. And, it closed, and everybody had to leave. They went to Pennsylvania. They went to [the furniture factories in another state]. They went just wherever, you know, they could find work. And, some of them come back after they retired and some never. But, that, that’s the same thing that’s going to happen again.\(^\text{136}\)

Farm work had been very labor intensive and had prepared those who became the first generation of apparel workers in Alongways County for the routine and grueling work of the factories. One worker spoke of this:

> Well, we worked on the farm here. I mean, you know, when I wasn’t picking beans, there was always something to do on the farm cause my daddy could let the field get the weediest of anybody you have ever seen in you life. Then, in the winter we graded tobacco. Then, we had to cut wood. And, I mean, you know, we worked all the time. I

\(^{135}\) This plant had employed about 200 people from the county and was located in a town about 14 miles away in an adjacent county (Alongways County Development Committee, 1963).

\(^{136}\) Here she was predicting what would happen after several apparel plants closed between 1999 and 2002.
helped my mama can and all that. And, to me, working in a factory seemed to be more productive than in an office. I mean, I had always been used to working hard, and I felt like that’s what you had to do to make a living.

Like her, many of the workers I interviewed spoke of knowing nothing but hard work that had begun in childhood and were undaunted by prospects of working long hours with machines in factories.

**Sectoral Shifts during the Pre-Industrial Era**

From 1930 to 1960, the county’s industry was heavily concentrated in agriculture (see all sectoral employment data in Table 5.7). Agricultural employment was at its highest point during this period in 1930 at 65.7%\(^{137}\), but women accounted for only 9% of the employed farm workers. Employment in agriculture fell over the next three decades; by 1960 it was at 43.7% and women were less than 1% of those employed in farming.

The trade, services, and government sectors employed between 19% and 20% of the county’s workers in 1930 and 1940 but had fallen to 13.8% by 1960. Employment in these sectors was concentrated in retail trade, education, and personal services.\(^{138}\) The transportation, communications, and utilities sector accounted for 6.5% of employment in 1930, and had fallen to 1.7% in 1940 after rail service ended, but had climbed to 5.2% by 1960.

From 1930 to 1950, manufacturing employment grew from 5.5% to 12.0% and almost all of these jobs were in the lumber processing in less than a dozen small sawmills and almost all of those employed were men (U.S. Bureau of the Censuses 1933, 1949-50; 1957-58; 1961c;). By 1960, manufacturing’s share of employment had increased slightly to 12.8%.

In 1930, women were 14% of those employed in all sectors, and this fell to less than 10% in 1950 and 1960, but rose to 20% in 1960 largely due to their increased numbers in the trade, services, and manufacturing sectors.

**The Industrialized Era – 1960 to 1990**

*The Relocation of Textile and Apparel Plants in the U.S.*

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\(^{137}\) This figure includes farm owners and tenants and wage workers but excludes unpaid family labor, which excludes most women who worked on farms.

\(^{138}\) Education was included in the personal services category in the 1930 and 1940 censuses. In 1940, government employment for the county included 308 persons employed on federal public works projects related to the construction of recreational areas adjacent to the lake created by the TVA hydroelectric dam project (U.S. Bureau of the Census, 1940; Alongways County Development Committee, 1963).
The movement of apparel and textile factories into Alongways County around 1960 was part of a larger trend of capital flight in the textile and apparel industries in the U.S. Much of this occurred between 1930 and 1960 when corporations closed plants in the Northeastern U.S. and relocated to the Southeast. These companies came south in search of lower energy and labor costs, and in response to a regional industrialization strategy that involved intense recruitment efforts by small communities (Rosen, E., 2002). Companies also received federal tax-breaks if they acquired plants that were operating at a loss which they could use to offset their profits (Rosen, E., 2002) and several of the apparel and textile plants in Alongways County came after acquiring other apparel plants, including TAC.

Rural southern communities lured companies with incentives such as tax breaks and low cost facilities, and a non-unionized labor force. This industrial recruitment strategy was promoted by the newly formed Area Redevelopment Administration (ARA) (a federal agency in the U.S. Department of Commerce) which was established in 1961 as part of the Appalachian poverty alleviation efforts under the Kennedy administration (Bradshaw, 1992). Counties with long-term high rates of unemployment and rural counties with significant underemployment were eligible to apply for federal economic development assistance. The goal was to create jobs by luring new industries and thus cure the unemployment and underemployment problems of these counties (Whisnant, 1980).

The ARA required communities to “organize for economic development, to analyze their opportunities, and to develop a plan for action.” It helped them prepare “resource and industry feasibility studies” and made loans to local governments “to provide the public facilities necessary to service new enterprise” (Whisnant, 1980, p.72). Communities were required to prepare an “Overall Economic Development Plan” (OEDP) to receive assistance. While some of the ARA funding was intended to provide badly needed job-training in rural counties, most of it went toward upgrading infrastructure and constructing industrial sites. In addition, the money was distributed rather unevenly among eligible counties and did not always go to those with the greatest need (Whisnant, 1980).

Alongways County’s Industrialization Begins

Alongways County closely followed this economic development strategy and established an industrial commission in 1957 which consisted of approximately 15 prominent businessmen.
The county’s industrial recruitment strategy offered all of the typical incentives (e.g., tax breaks, low cost facilities, and a non-unionized labor force) and they sent brochures “describing the county’s labor force, tax structure, water, power, and accessibility” to 2,500 manufacturing companies in the late 1950s (Alongways County Historical Society, 1986).

In preparation for industrialization, the county government reassessed county property values, raised property taxes, and issued bonds to finance infrastructure improvements. The main roads were improved to provide better access and water and sewer facilities were added at a new industrial site. Alongways County also completed a provisional OEDP in 1961 as required by the ARA and “received a loan of $60,000 and a grant of $46,300 from the ARA to provide water and sewerage for a $400,000 industrial building” (Alongways County Development Committee, 1963).\(^{139}\)

**The Arrival of Apparel and Textile Manufacturers in Alongways County**

Although Alongways County began its industrialization strategy near the end of the southern relocation trend, the county was successful in getting a few apparel and textile factories to locate there in the 1960s. The county financed the first industrial building that was constructed in 1962, and leased it to an apparel plant that had come in 1960 and was operating in a small tobacco warehouse.\(^{140}\) The apparel company had needed a larger facility in order to expand operations and had plans to employ up to 300 people within a couple of years.

The demand for the first jobs at this new plant was quite high and 1,232 women and 350 men applied for jobs (Alongways County Development Committee, 1963). However, half of these applicants were found to have inadequate education and training and the factory did not plan to offer any on-the-job training programs to address worker deficiencies.\(^{141}\) The ARA had noted in the county’s OEDP plan that there was an immediate need for a “broad and aggressive vocational training program” in industrial and mechanical trades and recommended that it be added to the county’s high school curriculum. The ARA estimated the county’s cost for this project.

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\(^{139}\) The provisional OEDP for the county was submitted to the ARA in August 1961 the document was subsequently revised and contains data on the county from 1962 and 1963. Therefore, the version I cite in this manuscript uses 1963 as the year of publication.

\(^{140}\) As part of its recruitment of the apparel company, the county had agreed to provide the facility.

\(^{141}\) The county’s high school drop out rate was estimated at 33% in 1961 (Alongways County Development Committee, 1963).
program at $100,000 and recommended that financial assistance be obtained from the ARA and state and federal agencies. However, the county did not add this education program until 1970.

The Lure of Factory Jobs

Some of those who had left the county in the 1940s and 1950s returned to Alongways County after several large manufacturing plants came to the county in the 1960s and 1970s.\textsuperscript{142} Several of the former TAC workers were children in these families. One worker’s family had moved back and forth between Alongways County and Ohio to work at the rubber factories there during the 1950s. She had been born in Ohio but her family had moved back to Alongways County permanently when she was very young because her father took a job at the new textile factory in Grant City. Two others had grandparents who had moved with their families from Alongways County to Pennsylvania in the 1940s. Their parents had worked in mushroom houses and factories there, and they also came as children with their parents who came to work the new factories in Alongways County in the 1960s and 1970s. Another had been born in the county but her parents moved to a nearby state where her father found a job at a furniture factory. He had been unable to find work in the county after returning from military service in the mid-1950s because bean farming had declined. When she found herself divorced with small children, she came to the county to live with relatives and find work in the apparel factories.

Thus, several of the former TAC workers had come from families who were the very first generation of workers who left the county to work in factories and then returned to work in its new factories; these children of the first factory workers followed their parents into the county’s new factories. They were not alone; the money to be made in apparel production jobs lured many young people (including several of the workers I interviewed) who dropped out of high school to work in the plants.

There were others who chose to work at the plants even though they had opportunities to work in office jobs. Two of the women TAC workers I interviewed had trained for office work at a secretarial school after high school but left those jobs to work in apparel production jobs. They both found that they made more money sewing for a piece rate than they did working in clerical jobs.

\textsuperscript{142} In 1961, 36% of those who were unemployment claimants from the county had been employed out of state (Alongways County Development Committee, 1963)
In addition, there were those who had never left the county, but found that they could no longer provide for their families with their incomes from farming. One worker described members of this group who came to work at the first apparel plant and were hired by TAC nearly 20 years later:

Those people were brought up here in the rural community and they worked hard, you know, all their life. And, considering working on a farm next to a plant, they was just excited about having a job, and they was older. [They] just kept working, you know, till, to try to maybe set up their retirement or something, you know, that would help them in the future.

*The Dominance of the Apparel and Textile Manufacturers*

By 1962, a textile plant and another apparel plant had come to the county (U.S. Bureau of the Census, 1966-68). In July of 1962, the first apparel plant and these two plants were employing a total of 310 people and 198 were women (Alongways County Development Committee, 1963). In 1967, another apparel company came to the county, and by 1972 a large textile company had arrived (U.S. Bureau of the Census, 1971). The first apparel firm that had come in 1960 was bought out by another apparel company in the early 1970s, and then, in 1979, TAC bought out the second apparel company’s operations (Alongways County Historical Society, 2000).\(^{143}\)

From 1979 to 1988 apparel and textile companies employed from one-third to one half of the county’s workforce. Four large apparel plants and a large textile plant, each with at least 250 employees, and were the largest employers in the county. In addition, there were two smaller apparel and two smaller textile companies with total employment ranging from 200 to 400 people. Together the apparel and textile companies’ total employment during this boom period ranged from approximately 1,500 to 2,000 people (U.S. Bureau of the Census, 1981, 1983, 1984-85, 1987, 1988-90; 1993, & 1995b).

*TAC’s arrival and rise to prominence*

\(^{143}\) TAC and the two earlier apparel plants were located in that first industrial site built by the county. Today, the large facility is occupied by a medical equipment manufacturer. Thus, four companies have successively located in that building since 1962.
The TAC Corporation was a large transnational apparel manufacturer when it started operations in Grant City in November 1979. It was expanding its production of ladies apparel and it already had plants in many rural towns in the U.S. TAC had been particularly interested in locating at the Grant City site because of its location in a right-to-work state and its workforce stability; its workers were known for their dependability and work ethic (they had very low turnover and low absenteeism), and for their anti-union sentiments. When TAC acquired the Grant City operations of another apparel plant in 1979, it hired 66 employees from that company. Some of them had worked for the first and second apparel manufacturers who had occupied the first industrial building built by the county and were now working for a third apparel manufacturer (TAC, 1999b). One woman I interviewed had worked for all three of these companies and had worked 34 years in the same building when TAC left.

TAC became the second largest employer in the county during its first decade (from late 1979 to 1988) and its employment ranged from 450 to 600 workers during that period. In 1988, it became the largest employer when the largest textile factory left. From 1988 until it closed in 1999, TAC was the largest employer of women in the county (between 400 to 500 women) and 85% and 90% of its workers were women (Tennessee Department of Economic and Community Development, 1986, 1989, 1993, 1997, 1999).144

TAC became the factory of choice to work at in the county because of its higher wages and excellent benefits including vacation pay, health insurance, retirement benefits, and profit sharing plans. Almost every worker I interviewed mentioned that the company had the best pay and benefits of any place he or she had ever worked and several had worked at other manufacturing plants before coming to TAC. Some had moved from one factory to another until they got a job at TAC and at least six people I interviewed had worked at three or four factories that had closed.

It was not unusual for many members of a family to work at TAC and workers often got hired there because they were recommended by a close family member or other relative. Of those I interviewed, one woman had worked there with her mother and four sisters. Another had worked with his father and mother, and there were several others who also had a spouse who

144This was also verified through my interviews with former TAC employees.
worked at TAC. Many I interview referred to their co-workers at the factory as “like family”, and for some this was literally the truth.

**Sectoral Shifts during the Industrial Era**

From 1960 to 1970, employment in the agriculture and manufacturing sectors had shifted dramatically (see all sectoral employment data in Table 5.7). In 1960, the manufacturing sector accounted for only 12.8% of total employment, and agriculture accounted for approximately 43.7% of the county’s total employment. In one decade, this had reversed and in 1970, 47.9% worked in manufacturing while 11.0% worked in agriculture. Seventy percent of those employed in manufacturing in Alongways County in 1970 worked in the apparel and textile industries.

By 1980, 48.4% of the county’s employment was in manufacturing and 65.2% of those workers were in apparel and textile industries. However, by 1990, deindustrialization was beginning and only 38.4% were employed in manufacturing and only 44.9% worked in apparel and textile industries.

Other industry sectors remained relatively steady from 1960 to 1980. Total employment in the trade, services, and government sectors ranged from 16.8% to 22.4%. The construction sector ranged between 6.2% to 9.1%, and the transportation, communication, and utilities sectors ranged from 3.9% to 5.2%.

**The Impact of the Apparel and Textile Industries on Women’s Employment**

**Women’s share of total employment**

The arrival of the apparel and textile factories triggered a massive increase in women’s share of employment in the county (see Table 5.7). In 1960, women were only 19.5% of the total employed in all industries. In 1970 and 1980, women were 38.3% and 47.4% of those employed in all industries. By 1990, women were 43.3% of the total employed in all sectors.

**Women’s share of manufacturing employment**

In 1960, women were 19.3% of those employed in manufacturing but this rose to 48.0% in 1970 and 55.1% in 1980 (see Table 5.7). By 1990, women’s share of manufacturing employment had fallen slightly to 46.8%. This decrease was due to the departure of a large textile manufacturer in 1988 that had employed around 350 women and to the arrival of two
small wood products manufacturers that employed more men than women (Tennessee Department of Economic and Community Development, 1989).

**Women’s share of apparel and textile employment**

In 1970, women were 59.9% those employed in apparel and textile plants and by 1980 and 1990 this had risen to 65.7% and 79.2% (see Table 5.7).

**Manufacturing women workers’ concentration in apparel and textile employment**

Although women’s and men’s shares of manufacturing employment were nearly equal from 1970 to 1990 (relative to earlier decades), women remained highly concentrated in apparel and textile jobs (see Table 5.7). Of the women employed in manufacturing in 1970 and 1980, 87.5% and 77.6%, respectively, worked in the apparel and textile industries. By 1990, this had fallen slightly to 75.9%. Thus, when these industries left, more women were displaced than men, and the remaining smaller industries which were concentrated in wood-related and metal manufacturing had far more male workers than female workers.

**The Deindustrializing Era – Late 1980s to the Present**

**The Departure of Apparel and Textile Manufacturers**

The dominance of the apparel and textile manufacturers in the county was typical of the state trend. From 1977 to 1992, the apparel and textile industries had been among the largest employers in the state of Tennessee (U.S. Bureau of the Census, 1981, 1984-85, 1988-90, 1995b). The subsequent departure of these industries was part of a larger trend in the U.S. As discussed in Chapter 2, many transnational corporations that had relied on a low-skill, low-cost labor strategy to compete moved production overseas in the 1980s and 1990s.

Thus, the departure of many of the apparel and textile factories in Alongways County from the late 1980s to the present was, and remains, part of a global trend of corporate restructuring and capital flight to foreign countries to reduce labor costs. This trend accelerated in the county’s textile and apparel industries after the passage of the North American Free Trade Agreement (NAFTA) in 1993. NAFTA permitted companies to export textiles and import assembled apparel without tariffs or quota if the materials were made in the U.S., Canada, or Mexico (Rosen E., 2002). Rosen (2002) has described the effect this had on U.S. apparel and textile production:
These new rules made it possible for textile and apparel manufacturers to build a full-package operation in Mexico, a vertically integrated textile and apparel industry that started with the weaving of fibers and ended with the production of clothing that was packed, tagged, and exported to the U.S. retailer (pp. 168-69).

In 1988, the county’s largest employer, a transnational textile factory, closed and this displaced about 700 workers. It had employed as many as 1,300 people at its peak production during its 16 years in the county. After that, TAC was the largest employer in the county. In the late 1990s, both TAC and a large shoe manufacturer left and each had between 400 and 500 workers when they closed (Tennessee Department of Economic and Community Development, 1986, 1989, 1993, 1997; U.S. Bureau of the Census, 1987 & 1997). In 2001, the last two apparel plants that had employed a total of about 200 people also left. By 2004, one textile manufacturer with approximately 350 workers remained and its future is still uncertain today because its parent company has already moved some production out of the U.S.

**Sectoral Shifts During the Deindustrializing Era**

Overall, men were 52.6% of those employed in 2000 and women were 47.4% which, coincidently, are the same shares of total employment each group had in 1980 (see all sectoral employment data in Table 5.7). However, unlike 1980 and 1990 when each group had relatively equal shares of employment in manufacturing, in year 2000, there has been a bifurcation in their sectoral employment as discussed below.

From 1990 to 2000, the manufacturing sector’s share of employment in Alongways County fell from 38.4% to 29.4% due to a net loss of 694 manufacturing jobs, and total employment fell by 11.8% (658 jobs). Women’s share of manufacturing employment had fallen from 46.8% in 1990 to 33.9% in 2000. Men’s share of manufacturing employment rose from 53.2% to 66.1% during the same period because of their concentration in smaller wood and metal processing industries that now dominate the manufacturing sector. Thus men outnumbered women in manufacturing by nearly 2 to 1 in year 2000.

There have also been rather dramatic shifts of men and women into the non-manufacturing sectors. The construction sector grew from an employment share of 10.2% in 1990 to 18.9% in 2000 and 95% of these workers are men. This surge is partly due to an increase in home-building for newcomers who are moving to the county to retire. In addition,
more summer vacation homes are being built for non-county residents near the TVA lake and there has been an increase in real estate speculation in the region.

The service sectors have also grown and women have moved into these sectors in much greater numbers than men. Two industries have grown the most. From 1990 to 2000, employment in medical and health-related services grew from 4.4% to 12.0%, employment in personal services grew from 5.5% to 17.3%. Employment in public administration also grew from 2.4% to 8.8% and men’s and women’s employment shares are equal.

The bifurcation of the county’s men and women into different sectors is quite striking from 1980 to 2000. In 1980, the construction industry accounted for only 11% of all employed men, but by 2000 this had risen to 34%. The shift of women into the trade, services, and government sector is much more dramatic. In 1980, these three sectors accounted for 28.6% of all employed women, but by 2000 this had risen to 78.8%.

**Differences in Wages for Major Employment Sectors**

The shift of men and women into different industry sectors has affected the earnings of the two groups quite differently (see Table 5.12). In year 2000, 70.8% of employed men were in the construction and manufacturing sectors and the average annual wages in these sectors were $25,071 and $23,693 respectively. In the women-dominated sectors, the health care and social assistance sector had the highest average wages at $23,722. The retail trade sector had much lower wages that averaged $15,016. By 2006, average annual construction wages had increased by 56% and average annual manufacturing wages has increased by 22%. However, this was not the case in the health and retail trade sectors where average annual wages increased by only 3% and 18%, respectively.

**Changes in Commuting Patterns**

While there has been growth in certain sectors in the county, over a third of its employed residents are working outside the county (see Table 5.13). In 2003, 2,250 (36.5%), of the county’s 6,169 employed residents were commuting to jobs outside the county (U.S.}

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145 The U.S. County Business Patterns does not provide wage data for the personal services category that is comparable to the personal service industry included in Table 5.7.

146 This is the latest year for which this data for the county is available.
Table 5.12: Average annual wages by industry for Alongways County for years 2000 and 2006.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Average annual wages</th>
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<tbody>
<tr>
<td></td>
<td>Year</td>
</tr>
<tr>
<td>Construction</td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td></td>
</tr>
<tr>
<td>Retail trade</td>
<td></td>
</tr>
<tr>
<td>Finance &amp; insurance</td>
<td></td>
</tr>
<tr>
<td>Real estate &amp; rental &amp; leasing</td>
<td></td>
</tr>
<tr>
<td>Health care and social assistance</td>
<td></td>
</tr>
<tr>
<td>Accommodation &amp; food services</td>
<td></td>
</tr>
<tr>
<td>Other services (except public administration)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Data from the U.S. Bureau of the Census (2009).

The mean commute time in the county in 1980 had been 23.2 minutes. By 2000 it had risen to 32.0 minutes, and approximately 33% of those who commuted to work were traveling longer than the mean time (U.S. Bureau of the Census, 1983 & 2003). Residents who were working outside the county were also shopping elsewhere, and this caused county sales tax revenues to drop and several long-established and locally-owned retail businesses have closed (Alongways County Development Committee, 2001).

**The TAC Closing and its Impacts on the County and its Workers**

**TAC’s Restructuring Strategy**

During the early 1990s, TAC re-engineered its production at its U.S. plants to be more responsive to its retail customer demand and it switched to a teamwork production system to cut its labor costs. However, these efforts failed, partly because its competitors had already outsourced production and had lower labor costs. The major stockholders of the company’s reacquired all publicly-held TAC stocks around 1997 so that it became a private

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147 This was two years after the last apparel plants left and is the year that I conducted interviews with the TAC workers. By then any who had taken training had finished and had re-entered in the workforce.
Table 5.13: Location of workplace for Alongways County residents for year 2003.

<table>
<thead>
<tr>
<th>Year 2003</th>
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<tbody>
<tr>
<td>Number employed county residents</td>
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</table>

**Number county residents employed in**

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<tbody>
<tr>
<td>Alongways County</td>
<td>3,919</td>
</tr>
<tr>
<td>Other Tennessee counties</td>
<td>485</td>
</tr>
<tr>
<td>Other states</td>
<td>1,765</td>
</tr>
</tbody>
</table>

Number of residents who work outside county 2,250
% not working in county 36.5%

Source: Data from the U.S. Bureau of the Census (2003).

company and would not have to issue public financial statements that would disclose its financial troubles. By 1998 its market share had fallen nearly in half (Rosen E., 2002).

The closure of the TAC plant in Grant City plant came after TAC had already closed many of its U.S. production facilities because it was outsourcing its production to foreign contractors to lower its labor costs. The new TAC corporate president had been hired to restructure the company so that it could compete with other apparel makers who had already relocated production overseas. He explained the closings as necessary because “the apparel industry is chasing low-cost labor” (Los Angeles Times, 2002). TAC had been one of the last transnational apparel firms that was still producing its products in the U.S. In 1997, it decided to close its U.S. plants over the next few years and outsource production to Mexico. From November 1997 to March 1999, it closed nearly all its U.S. plants and which displaced approximately 9,300 workers (Rosen E., 2002).

**The Grant City TAC plant closure.** About 18 months before the Grant City TAC plant closed, the plant manager who had been at that plant since it had opened, retired. TAC brought in a new plant manager who had helped close several other plants. Some workers I interviewed felt that this change, along with the introduction of the teamwork approach to production that had been made a few years earlier, marked the beginning of the end of the tightly-run, family-like plant and began to suspect it might close. Many I interviewed had been very unhappy with the teamwork production system because their old wage rate had
depended on individual performance and their new rate was based on team performance, and many had seen their wages drop after the teamwork system was adopted. In the summer of 1998, many of the disgruntled employees voted in favor of letting the UNITE labor union represent them in bargaining agreements; this was the first time a union had represented any factory workers in the county. Some workers felt that this hastened the plant’s closure, but others thought it would have happened anyway.

A few months later, TAC announced a temporary shut-down of the Grant City plant in November 1998, but in late February 1999 it announced it was permanently closing the plant. Many I interviewed felt the closing was “like the death of a family member” and felt that they would never work any place again that paid them as well or had equivalent benefits. One supervisor told of how she dealt with the period between the shutdown and the closure:

Well, every day when I was in management, we pretended as if we were opening the doors back up, you know. We were on a lay-off, the doors were closed, the people were off, and we did things, you know, went to classes, prepared for managerial roles, leadership…From October to February every day we progressed as if we were opening back up. And, they had strategists and, um, counselors and things on board to come in and teach us these things, you know. And, I-I kind of liked it, you know, and I thought, oh, this will help me when we open. I was delusional, you know. I played the game.

The departure of so many apparel and textile plants had left few options for the displaced TAC employees who had been accustomed to moving from one apparel or textile factory to another. Fewer than a dozen employees worked in the plant for a few more months to close down the facility. One worker described the sound in the plant building after all the machines had been cleaned, crated, and sent away--some to Mexico, some to remaining plants in Texas. He said “the building echoed”, and his words describe what the TAC closing came to represent for the county’s apparel workers. It described the empty prospect of ever finding a job in the county again for many of the workers and the reverberation of over a decade of multiple manufacturing plant closures.

Soaring Unemployment
Prior to the TAC closure, the county’s average unemployment rate for 1998 was 7.3% and this was the lowest annual rate for the county during the decade 1994-2003 (Tennessee Department of Labor and Workforce Development, 2007a). Its unemployment rate soared after the TAC closure. The county’s average unemployment rate for September through November 1998 was 5.4%, but it jumped to 17% in February 1999 when TAC closed and was the highest county rate in the state of Tennessee (the state rate was 4.4%) (Tennessee Department of Employment Security, 1999). The county’s average unemployment rates remained at least 1.5 times the national average for the years 2000 to 2006 (as indicated by its distressed status designations for years 2004 to 2009) (Appalachian Regional Commission, 2009).

During the ten-year period 1994-2003 the county’s employed workforce hit a high of 7,680 in 1994 and a low of 6,240 in 2001 (Tennessee Department of Labor and Workforce Development, 2007a) after the last two apparel plants closed. The county’s average employed workforce for the years 2001-2003 was 6,300.\textsuperscript{148}

**The Remaining Manufacturing Firms**

In 2008, there were 22 manufacturers in the county that employed approximately 700 people (Tennessee Department of Workforce Development, 2009).\textsuperscript{149} The one remaining large textile manufacturer employs approximately 300 people. Nearly half of the remaining firms are in wood processing or make wood-based products (small sawmills, finished lumber, paper products, and other wood-crafted products) (Tennessee Department of Labor and Workforce Development, 2009).

**The Prison Becomes the Major Employer**

A state prison that came to the county in the early 1990s now employs approximately 500 people and it became the largest employer in the county after TAC departed (Tennessee Department of Corrections, 2007). Although residents initially opposed having a state prison in the county, they now consider its jobs to be among the best in the county because of its relatively good wages and state benefits which are similar to those that were offered at TAC.

\textsuperscript{148} The period 2001-2003 was chosen because this was when many of the former TAC employees were reentering the labor market after exhausting their severance and education benefits, and most had finished education and retraining programs (Tennessee Department of Labor and Workforce Development, 2007a).

\textsuperscript{149} Figures are for the third quarter of 2008 and are the latest available.
(Tennessee Department of Corrections, 2008). One person I interviewed spoke the very low wages paid at some of the factories:

This one man who doesn’t have a family, but he had made $5.15 an hour for 18 years. It was a local plant. I thought, gosh, $5.15 an hour for all these years. How did you live? You know, I didn’t say that, but I was thinking how did you live? Well, he’s now working at the prison and making $10.65. And, every time I talk to him it’s like you must feel like you’re a millionaire.

One of the TAC workers I interviewed was now a guard at the prison and planned to stay there for the rest of her working life for the retirement benefits. Several others I interviewed had family members who worked there and were trying to help their children get jobs at the prison (just as many had done at TAC), but noted it was hard to get a job there because few people ever left jobs at the prison. Thus, in many ways, the state prison has become the TAC replacement for the county. However, the prison has had to hire people from outside the county for some jobs because it cannot not find people within the county that have the educational background and skills it needs (Stead, Stead, & Shemwell, 2003).

ALONGWAYS COUNTY’S VISION OF A NEW ECONOMIC DEVELOPMENT PATH

As apparel and textile plants closed throughout the state, the state commissioner of economic and community development noted the futility of fighting the capital flight trend in low-wage manufacturing and stated “the right thing to do is not fight the trend but create new opportunities for these people with higher-paying jobs” (Brown, 1999) and the residents of Alongways County also believe this should be a priority. However, Alongways County lacks sufficient human, financial, and technical resources, and the physical infrastructure to rebuild an economic base around high-wage growth industries or locally-owned businesses that will allow it to have a more sustainable economy and avoid reliance on firms fleeing in search of cheaper labor (Alongways County Development Committee, 2001).

150 In a random survey of county residents on community sustainability conducted by the regional university in November 1999, 98% of 228 respondents responded that bringing better paying jobs to the county would be beneficial. It was considered the most beneficial action in a list of 24 items on the survey (Alongways County Development Committee, 2001).
Committee, 2001; Stead & Stead, with Starik, 2004). The major strategies for and barriers to recovery are discussed below and speak to specific research question 6.b. with regard to what county official and leaders see as the future economic development path of the county.

**Strategies and Barriers to the County’s Economic Redevelopment Plan**

**Recruitment of New Manufacturing Firms**

County, regional, and state officials have continued to focus their economic redevelopment efforts on recruiting new manufacturing and service businesses to the county, and on local micro-enterprise development after the TAC plant closure. It continues to offer incentives to recruit new manufacturing businesses. A recent article in the local weekly newspaper reported the county had offered the free use of an empty industrial building to a wood-processing industry that would employ about 150 people (Local newspaper, 2008b). However, it was competing with two other southern towns and was unsure it would be able get the plant.

The county is also working with state agriculture agencies and local farmers to promote new kinds of agri-businesses to replace their dependence on tobacco farming now that it is no longer a viable option due to changes in federal government policy (Local newspaper, 2004d & 2009c). Some farmers are raising native plants for landscaping, others are tree farming, and the high school has an aquaculture program as part of its vocational education program. Still, this conversion is not widespread and the income lost from tobacco farming will be difficult to replace.

**Promotion of Tourism**

Some of the county’s residents and government officials are interested in promoting resort and eco-tourism because of the county’s location near other towns that are summer resort vacation destinations, and because of its scenic TVA lake and hiking trails (in the national forest) and its proximity to popular bike paths, and other eco-tourist friendly attractions (Local newspaper, 2004d). This strategy was strongly recommended by the ARA in the 1961 economic development plan but the county never pursued it (Alongways County Development Committee, 1963). Subsequently, tourism promotion was pursued without much financial support in the late 1980’s when the county built a very nice visitor’s center with grant funds but little else has happened since (Edgell, 1992).
At present, the tourism strategy has not generated much enthusiasm from most of the county’s residents and almost no businesses exist that would attract tourists. Some residents oppose the efforts of others to build a bike trail that joins with another popular bike trail in a nearby town that survives off the tourist industry, because they fear that the trail might be near their property. The county lacks the nicer restaurants that nearby tourist towns have and it does not allow alcoholic drink sales in restaurants; in addition, Grant City does not allow alcohol sales for off-premise consumption. As a result, the county is losing the tax revenues that these sales would generate. A recent referendum to allow alcoholic drink sales in restaurants in Grant City was easily defeated, and this was seen by some as a death blow to the county’s tourism strategy.

One younger county resident, a high school senior, wrote the local newspaper to express his views and those of some others in his age group:

This county, with the right drive and leadership, has the possibility to be a county of commerce and tourism. The soon to be completed [small performance hall] is a prime example of this possibility, but things can’t stop here. New businesses need to be introduced and embraced by the county, not turned away and shunned; competition is a good thing. We need an array of activities and attractions directed at all age groups, not just a select few. . . . I always hear my friends talking about the lack of things to do in the county. These types of conversations make me think of a sign we have in the county; it’s an older out dated one, but it still makes me think. The sign reads, “Welcome to [Alongways] County: Look no further, it’s here.” The sign has pictures of fishing, horseback riding, and many other great outdoor activities. The problem with this sign can be best stated if we were to add a new addition to it that reads “Welcome to [Alongways] County: Look no further, it’s here: Try to find it.” (Local newspaper, 2004c)

This young resident also expressed views voiced by those I interviewed who worried that their children did not have a variety of activities to participate in other than sports at school and sitting on their cars at night in the parking lot of a fast food restaurant. They feared that there was little to keep them in the county in terms of entertainment or employment. Eve, a mother, described the situation:
EVE: They ain’t a lot to offer in this county for young people…but hang out in Hardee’s parking lot.
DH: What do they do at Hardee’s parking lot?
EVE: Probably drink and everything else I guess. I don’t know. You can go down through there every night, and they’re just ganged up down there.
DH: Bored?
EVE: Nothing to do. I mean, there’s nothing to do for the young people. You know, if they do anything, they have to drive out of the county.

Real-Estate Development

Since about 2004, the ground work for major development of resort areas with high-end homes has been occurring. Real estate developers from out of state are working with the county’s chamber of commerce to develop a GIS aerial mapping system of the county. The county would have to raise 25% of the funds and the developers would contribute the rest (Local newspaper, 2006a). New real estate firms have arrived and are now competing with older and less savvy but well-connected local firms. Some families are selling farmland to developers while their neighbors are resisting this trend and resent it. Some I interviewed felt the outsiders were taking over and were not friendly with the locals. One woman spoke of her new neighbors who moved there from outside the county:

We’ve had four or five families, you know, move in. They’re retired…and they move in. And, it seems like they just take over, you know. This has always been a family community… If I want to come down here on Ellie’s land, she’s not going to say anything. That’s all we’ve ever knowed is just if we wanted to. And, now, they’ve got all these no trespassing [signs], and they’re even saying "don’t visit me, we don’t want to socialize.” You know, I’ve heard one saying that, and people are trying to get to know them.

This trend has created much tension between those who are pro-development and those who are not, and between the new residents who want more services and those who want their taxes to remain relatively low (in relation to adjacent counties) and the county to
remain as it is. One resident\footnote{This resident was a frequent critic of local government and state politicians in his letters to the local newspaper and an advocate for social justice and the county’s poor people. I did not know him and he died about a month after he wrote this letter. I am taking the liberty of quoting one of his most forceful letters because his words speak for some who share his sentiments but are afraid to speak out on these issues because they fear recrimination, including some of those I interviewed.} wrote a letter to the local newspaper about the need to balance the interests of residents who would benefit financially from this development and those who would be squeezed out by rising property values:

We are witnessing the urbanization of the mountains around us as housing developments spring up on formerly isolated mountain tops. New people moving into the county constitute a separate class of people, many of whom are upper income. The county native population is typically lower income wage earners and jobs are scarce in the county, requiring people to drive out of the county to work. When you keep wages low, you have more people falling back onto income support programs such as food stamps and Medicaid for children. Many of the things that are quoted as benefits to the county have arrived through the efforts [of our state politicians] and are things directed toward development. There is not often mention of government initiatives which benefit the common good. Improved access to health care and affordable housing would be two examples of things that would benefit the common good of all the population.

If you look to…[counties nearby], you have seen the gradual displacement of native people as urbanization has occurred. Land becomes too valuable to farm and also, due to the increase in value, local people can no longer afford to buy land. Taxes have grown as demand on services from government has grown along with the population. The type of jobs created [there] have been typically low wage, no benefit kind of employment. The earning potential of people is not high enough to afford a comfortable life style. You often encounter people moving here from [there] who say they can no longer afford to live there and come here for the more moderate cost of living. I am not saying we can stop the change that is occurring here. What I am saying is that we can moderate its effect on our population. We have a large population of poor people and elderly people who live on fixed incomes. We have young working age families who are experiencing terrible financial stress due to the cost of living and present labor market.
The solution should be what is best for all the people of the state….In order for there to be change for the better, we must first identify our problems (Local newspaper, 2009a).

**Improved Communications Technology**

The county is also trying to fund a telecommunications project with state and federal grant money. This project would provide wireless, high-speed internet services and upgraded telephone services (Local newspaper, 2004b). A county official noted that having this infrastructure would allow distance learning classes via the internet and might help the county attract firms in the call center industry and medical billing services (Local newspaper, 2004a). However, one medical billing service firm that came to the county after 2003 had already left in 2009. One of the former TAC workers I interviewed was working there when it closed.

**Improved Road Access**

In 1996, the county began negotiations with the state to construct a new 4.85 mile connector route from Grant City to an area where some of the county’s industrial sites are located. This route would widen and extend an existing road to make it easier for large transport trucks to access manufacturing industries at an industrial site and eliminate some of this traffic from residential streets in the town. Although actual construction on the project began in 2005, it was not completed until July of 2009 due to a lack of state funds and challenges regarding its potential to destroy some county historical sites and sensitive environmental areas (Tennessee Valley Authority, 2006).

**Raising the Education and Skill Levels of the Workforce**

Perhaps the most difficult issue in the county’s economic redevelopment effort is the lack of an able-bodied and sufficiently educated workforce to attract high-tech, knowledge-based businesses that are now the growth industries in the U.S. (Alongways County Development Committee, 2001). However, this problem is not new. The educational attainment of the county’s residents has always been relatively low and this has limited the kinds of industries it was able to attract in the past. As was mentioned earlier, the first factory that located there in the 1960s found that many workers lacked basic skills needed for factory jobs and this was also a problem when the prison came in 1992. One county official noted that it had been difficult to attract call center businesses after the apparel factories closed because most of the unemployed workers lacked the needed language skills.
for those jobs. Thus the county decided there was a great need for more post-secondary education opportunities in the county and laid out a strategy to pursue this which I will discuss in the next chapter. However, the very low educational attainment rates of the county’s residents and barriers that prevented them from pursuing higher levels of education are discussed next.

**Educational attainment levels**

The educational attainment levels of the county’s residents have historically been very low (see Table 5.14). In 1960 only 15.0% of men and 17.7% of women (ages 25 and above) had completed high school and less than 3% in either group had completed a four-year college degree. Attainment rates climbed slowly, and by 1990, 44.5% of men and 49.7% of women had completed high school and 5.8% of men and 4.3% of women had completed a four-year college degree. However, the county residents’ educational attainment rates in both 1990 and 2000 still lagged well below that of residents in other regions and the U.S. (see Table 5.15). For example, in year 2000, the county residents’ high school and college completion rates were 58.4% and 6.9%, respectively, when the U.S. rates were 80.4% and 24.4%.

Of those 12,755 county residents who were age 25 and over in the year 2000, 20.6% had no high school education and 21.0% had attended high school but had not finished (see Table 5.16). Of this same population, 34.5% had earned only a high school diploma or GED, 17.0% had attended college but had no degree, and 6.9% had a four-year degree or higher.

From 1940 to 2000, women’s high school completion rates for all decades were higher than men’s (see Table 5.14). The same was true for college completion rates, except for 1940 and 1990 when men’s rates were higher than women’s.

**Educational attainment barriers**

Many workers I interviewed had married quite young and had children (before finishing high school or just after that) and when I lived there I noted that this still seemed to be happening more than in the surrounding areas. One former TAC worker’s comments about putting motherhood over all else embodies the community’s cultural norm: a woman's
Table 5.14 Alongways County educational attainment trends for decennial years, 1940-2000.

<table>
<thead>
<tr>
<th>Educational attainment¹</th>
<th>Percent completed high school</th>
<th>Percent completed college</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Men</td>
<td>Women</td>
</tr>
<tr>
<td>For Year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1940</td>
<td>9.6%</td>
<td>9.7%</td>
</tr>
<tr>
<td>1950</td>
<td>10.7%</td>
<td>12.0%</td>
</tr>
<tr>
<td>1960</td>
<td>15.0%</td>
<td>17.7%</td>
</tr>
<tr>
<td>1970</td>
<td>24.1%</td>
<td>26.0%</td>
</tr>
<tr>
<td>1980</td>
<td>34.2%</td>
<td>38.5%</td>
</tr>
<tr>
<td>1990</td>
<td>44.5%</td>
<td>49.7%</td>
</tr>
<tr>
<td>2000</td>
<td>53.5%</td>
<td>63.9%</td>
</tr>
</tbody>
</table>


¹ For persons age 25 years and older.
Table 5.15: Comparison of Alongways County educational attainment to Appalachia, Tennessee, and the U.S. for years 1990 and 2000.

<table>
<thead>
<tr>
<th>Geographic region</th>
<th>Year</th>
<th>1990</th>
<th></th>
<th></th>
<th>2000</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>1990</td>
<td>75.2</td>
<td>20.3</td>
<td>100.0</td>
<td>100.0</td>
<td>80.4</td>
<td>24.4</td>
</tr>
<tr>
<td>Appalachian Region</td>
<td>1990</td>
<td>68.3</td>
<td>14.3</td>
<td>90.8</td>
<td>70.2</td>
<td>76.8</td>
<td>17.7</td>
</tr>
<tr>
<td>Tennessee</td>
<td>1990</td>
<td>67.1</td>
<td>16.0</td>
<td>89.1</td>
<td>78.5</td>
<td>75.9</td>
<td>19.6</td>
</tr>
<tr>
<td>Appalachian Tennessee</td>
<td>1990</td>
<td>63.9</td>
<td>14.4</td>
<td>84.9</td>
<td>71.0</td>
<td>73.4</td>
<td>17.2</td>
</tr>
<tr>
<td>Alongways County</td>
<td>1990</td>
<td>47.2</td>
<td>5.0</td>
<td>62.7</td>
<td>24.5</td>
<td>58.4</td>
<td>6.9</td>
</tr>
</tbody>
</table>

Source: From non-copyrighted government data. See Appalachian Regional Commission (2009).
Table 5.16: Alongways County educational attainment by sex for year 2000.

<table>
<thead>
<tr>
<th>Year 2000 Educational Attainment</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number persons age 25 years and older</td>
<td>6,777</td>
<td>5,978</td>
<td>12,755</td>
</tr>
<tr>
<td>Percentage with</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No high school</td>
<td>24.2</td>
<td>16.5</td>
<td>20.6</td>
</tr>
<tr>
<td>Some high school</td>
<td>22.3</td>
<td>19.6</td>
<td>21.0</td>
</tr>
<tr>
<td>High school grads only</td>
<td>31.2</td>
<td>38.2</td>
<td>34.5</td>
</tr>
<tr>
<td>Some college</td>
<td>15.8</td>
<td>18.4</td>
<td>17.0</td>
</tr>
<tr>
<td>4 years or more of college</td>
<td>6.5</td>
<td>7.3</td>
<td>6.9</td>
</tr>
</tbody>
</table>


worth is closely attached to her role as mother. She had four children before she reached the age of 25:

From the time I was a little girl they would ask me what I wanted to be, and I would say a mother. My grandma loved babies. My mama loves babies. You know, I love babies. We all love babies. I can’t imagine what I would do if I was a man. I guess I’d—I might have been more wanting to go to school …cause my dad wanted me to go on, but I wouldn’t. I didn’t think I would want to be away from home that long.

Hum, but, if I had of been a man, I might have had more push, you know. I don’t—I just can’t imagine what I would have done.

She was like many of the women I interviewed. Most could not imagine not be a mother and several had gotten pregnant as teenagers while in high school or shortly after graduation. At that point, many had to drop out of school and get factory jobs to support their families.

One woman who went to college after TAC closed described feeling out of touch with herself and her friends because she was so busy going to school:

MARY: You are not able to clean [house] like you [once] were, you’re not able to cook and such. And, see, in the-in Grant City everybody talked every day when we
came into work, about what’d you cook last night, you know. That, or what are you going to have for supper to night. Every night was a meal.
DH: So, you were judged by your abilities to do those home chores?
MARY: Your domestic skills.

Several people I interviewed spoke of the cultural norm for men in the county to place a higher priority on getting a job to support their families because their role was to be the family’s main breadwinner. Thus, they tended to leave high school for jobs (either before or just after graduation). Thus, cultural expectations may explain why the county’s men tended have less education than women, and more recently this may be because the remaining factories were in male-dominated industries and men could get jobs more easily while the women workers saw education as more attractive than their more limited employment opportunities. Several people I interviewed mentioned that they did not personally know of any displaced male TAC workers who had gone back to school after the plant closed and they knew of many men who had chosen to take another factory job (and drive out of state to jobs) or start a small business.

Thus, the historically low educational attainment of the county’s residents is partly the reason for its employment concentration in the agriculture and low-skill manufacturing; these were the industries the county could attract and those jobs rarely required a high school degree or post-secondary education. However, the absence of other job opportunities in the county discouraged many residents from pursuing more education since there very few jobs in the county that required post-secondary credentials. This was mentioned by almost all the former TAC workers who cited this as a reason did not pursue post-secondary education after high school or they had left high school before graduating to work in factories. Almost all of them stated that there were no jobs in the county in the past for those with a college education (except for teaching) and still believed this situation is the same today. Nearly all said that if the county’s youth went to college after high school they would have to leave the county to find a job. Several of them had children who had done so and had left and some of these workers who had gone for post-secondary education were also working outside the county and driving long distances to work. One former TAC
worker who had worked there for over 20 years commented on the education and job situation for the county’s youth:

IRENE: They’re going to have to have something just besides a high school education. Once they get that, they’re not going to be able to use it here in the county. There’s no jobs.

DH: But, you’d still tell a young person to go past high school?

IRENE: I would. I highly recommend it.

DH: And, then, just drive.

IRENE: If they have to, or relocate. But, like I said, there’s nothing here for them. If they were to go into the medical profession an attorney or something, it’s possible they could, but they will not get the pay here in the county as they would somewhere else…cause there’s no jobs here for people that would be able to pay them.

Several other barriers had prevented the residents from pursuing post-secondary education after high school. Low family incomes limited families’ ability to send their children to college. Also, children were generally discouraged from moving far away because proximity to extended family networks is an important part of the cultural and social fabric and is a source of economic security for old and young alike (Halperin, 1990). These barriers were also true for the former TAC workers. Almost all said neither they nor their families could afford the cost of additional education and that the distance to a post-secondary vocational education or college was too far to travel. Others said they had lacked the confidence to move away to go to school or felt that they were not academically prepared to go to college. One worker I interviewed described his frustration as follows:

PHIL: I got an [athletic] scholarship to go to a private college. And, uh, I went there for a [semester]. Um, the [sports] wasn’t the problem. Um, it’s just passing the classes we had a hard time.

DH: So, you just weren’t used to college.

PHIL: Right.

DH: What did you find that was the hardest thing?

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152 In the year 2000, 80% of the 4,771 families in the county had annual incomes of less than $50,000, the median family income was $28,400 (U.S. Bureau of the Census, 2000).
PHIL: Um, actually, um, I had come back and discussed this with some of my high school teachers that, um, [Alongways County] does not prepare you for college…[At] the high school here, the teachers are very good. They’re excellent teachers. The curriculum does not [prepare you]. I explained it to them when I went back to the high school, when I went back and talked to them, as trying to go from the first floor on a building to the third floor with no steps or elevator. There’s a median in there that’s missing,… and they need to work on that. So, I took, um, a lot of my notes to my teachers, my senior teachers, and they thought that that was a six weeks set of notes. And, I told them no that that was one week, and that was more notes I took in one week than I took in the whole semester at high school.

In addition, several of the women had children by they time they were age 18 and could not go onto finish their GED until much later because they were working and raising a family.

**Limits on educational opportunities in the past**

Between the 1920s and 1940s, political patronage and power struggles also hindered the entry of qualified individuals to positions as superintendents and teachers. The county did not have its first supervisor of schools with a college degree until 1929 and he was ousted shortly thereafter in a political power struggle. The school system suffered from chronic shortages of qualified teachers until the 1950s, and this was partly due to the low pay scale and the perception that one had to be politically connected to get a job in the system (Fritts, 1978; Alongways County Historical Society, 1986).

The county has long suffered from difficulties in funding its school system at the level required by the state and has relied heavily on state and federal funding for support. When it consolidated its system in 1938 and closed many small community schools, its transportation costs to bus students to other schools overwhelmed its budget. It has also suffered from the failure of its county officials to allocate county funds to correct problems to bring the school system up to state standards. In the late 1940s, the enrollment at the county high school in Grant City nearly doubled when its’ only other high school was closed due to the construction of the TVA dam and lake. The state ordered the county to build a new high school in 1963 and withheld state funding to force the county to commit to a plan to do so. However, the high school was not completed until 1966. The same situation
occurred again in the early 1970s when the state had to withhold funds and intervene to force the county to correct deficiencies at several schools, build a middle school (grades 6-8) and add a vocational school (grades 9-12) as a component to its high school. The dire need for a vocational school had been noted by the Area Redevelopment Agency in its review of the county’s OEPD plan in 1962. However, the middle school and vocational school were not completed until 1976 (Fritts, 1978; Alongways County Historical Society, 1986).

Since the 1970s, the county has had only one high school and a small adult education program that focuses on GED preparation. When the TAC plant closed, there were no post-secondary vocational programs or college education courses offered in the county. TAC and other manufacturers had often hired workers who lacked a high school diploma since most of the production jobs required skills that could be learned on the job or skills that workers had acquired elsewhere in everyday life. Women held the majority of the sewing jobs at TAC which paid lower wages, though there were some exceptions (25 men were sewing machine operators when TAC closed). Men worked primarily in non-sewing jobs such as material cutters and spreaders, and machine mechanics, which paid higher wages.\textsuperscript{153} Thus, when TAC closed, the majority of displaced workers lacked the necessary education credentials to compete for jobs in nearby urban areas in the growing knowledge, technology, and healthcare sectors.

\textit{Some received GEDs at TAC}

TAC became a venue through which several of the company’s workers obtained a GED prior to the plant’s closure. Several of the workers I interviewed had gotten their GEDs through the TAC-sponsored program. It grew out of the concerns the long-time plant manager had about the future of his employees. He had begun working in the apparel industry at age 18 and had only a high school education but had worked his way up to management through various positions in production and management at several companies and at several different TAC plant sites. He had grown up in a rural area in an adjacent state and had much in common with those who had spent their working lives in apparel factories. He had arrived at the Grant City plant in 1979 when TAC bought it from another apparel

\textsuperscript{153} Data on gendered division of labor and wage scales is from TAC (1998).
manufacturer and retired 18 months before the plant closed.

After NAFTA was enacted in the 1993, the plant manager suspected that TAC might follow the industry trends of outsourcing production to Mexico since the company had already closed some U.S. plants. Following his paternalistic instincts, he decided to do what he could to prepare his workers for an uncertain future. With funding from the company's corporate foundation, he initiated a partnership with the county adult education office and opened a GED education center at the plant in the mid-1990s with the goal of helping employees get their GEDs. He described his involvement in this effort as one of the best experiences he had had as a TAC employee:

I wanted to do as much as I could to prepare the people for the GEDs to get them to do so that even if they stayed with TAC or whether they didn’t, if they had their GED they had a better opportunity to get another job and leave the apparel industry and go somewhere else. So, I encouraged everybody we could to get GEDs. I think we had 65 people that got their GEDs, and to me, that was one of the proudest days that I had when I was able to present those diplomas to all of those people when they got their GEDs.

Some of those I interviewed said this program had paid for them to take the GED exam and had given them the opportunity to find that they could still learn. As I discuss in the next chapter, TAC’s efforts to help its displaced employees get an education after the plant closed were unprecedented in the county and several former employees used this assistance to pursue further education opportunities.
CHAPTER 6
WORKFORCE DEVELOPMENT EFFORTS IN THE COUNTY AND IMPACTS ON A GROUP OF DISPLACED APPAREL WORKERS

The closure of the TAC plant in late February of 1999 in Alongways County greatly heightened county government officials’ awareness of the need to shift the county’s employment base from dependency on low-wage manufacturing to a more diversified base focused on sectors in job growth areas. A community planning committee began work on a county “long-range economic adjustment strategy” in November 1999 (Alongways County Development Committee, 2001).

A STRATEGIC PLAN FOR ECONOMIC DEVELOPMENT AND RECOVERY

The county’s initial efforts in planning its redevelopment strategies were extraordinary because it was able to attract more technical assistance and financial resources than are usually available to small rural communities after the loss of a major employer (Alongways County Development Committee, 2001). Alongways County’s economic adjustment and workforce development planning process began as a multi-party public and private partnership\textsuperscript{154} that involved seventeen other entities for implementing community development and education initiatives.

In 1999, the county received major assistance from a regional university that was funded with a Kellogg Foundation grant (Regional University, 1999a). A regional university team provided technical assistance, data gathering, research, and analysis to

\textsuperscript{154} In addition to the county government, partners included several economic development agencies (regional, state, and federal), a state adult vocational school, two state community colleges, and an in-state regional university.
initiate a long-term, sustainable community economic development plan (Alongways County Development Committee, 2001). In addition, a matching grant was secured from the U. S. Economic Development Administration to fund a year-long strategic visioning process with input from community residents (Regional University, 1999b).

The strategic planning process began several months late because the county did not have anyone appointed whose sole job was to coordinate the process. The county executive was charged with identifying and mobilizing residents as participants for a series of community visioning and planning workshops. However that official was dealing with the impact of the TAC closure and the economic crisis it had created for the county and had little time to devote to organizing visioning meetings. The delay in this planning process was problematic because an economic transition plan with long-term goals for community sustainable development was to have been completed prior to the arrival of an economic development consultant in the spring of 2000. Eventually, the visioning process began in the spring of 2000 and identified strategic initiatives to be undertaken which included education components to enhance workforce development (Alongways County Development Committee, 2001).

**PLANS FOR WORKFORCE DEVELOPMENT**

The strategic plan stated the goal of finding “new development models” that were “more sustainable” and identified workforce development as a major strategic initiative toward that end. The plan identified the need to help displaced workers and any other county residents start new businesses to help diversify the economy and reduce dependence on outside industries. The plan also proposed increasing post-secondary education opportunities to enhance the skills of the workforce in the county. It identified the need to provide residents with post-secondary education opportunities within the county and to promote educational opportunities at institutions located in nearby counties, including a state-run adult vocational-technical school, two state community colleges, and a regional state university (Alongways County Development Committee, 2001).

**MICRO-ENTERPRISE AND BUSINESS EXPANSION EFFORTS**
The Economic Development Consultant

TAC and its charitable foundation were involved in funding various retraining, education, and community redevelopment initiatives. TAC’s charitable foundation contracted with a consulting firm, the Council for Urban Economic Development (CUED), based in Washington, DC “to develop and implement strategies to promote economic growth” in Alongways County (Council for Urban Economic Development, 1999). The consulting firm’s proposal for the county included the development of “tools and programs to implement the host community’s economic transition plan.” TAC provided $100,000 to CUED to design an assistance plan and provide an on-site consultant for one year starting early in the year 2000.

The consultant’s role was to focus on small business development assistance as well as the procurement of funding for micro-enterprise business start-ups and the retention and expansion of existing businesses. The consulting firm’s written proposal to the TAC foundation suggested that the consultant’s plan should identify barriers to these micro-enterprise startup activities, including the limited skills base of the local workforce (Council for Urban Economic Development, 1999). However, a few months after the consultant arrived, the county terminated the contract of the consultant because she and county government officials could not agree on what her role should be and what level of financial support the county was to provide for her activities.

TAC Small Business Grants

As part of its transition assistance package to its displaced employees, TAC made a $6,000 grant available to each displaced worker who submitted an approved business start-up plan within two years after the plant closure. TAC also hired a consulting firm, the Council for Adult and Experiential Learning (CAEL), which conducted workshops and helped TAC workers who were interested in starting a small business develop their plans. A regional newspaper reported that some workers were grateful for this opportunity while others were more skeptical about how this might help the displaced workers. The newspaper quoted the president of the local TAC plant labor union as stating “It’s kind of hard to start a business in a county where everybody is out of work” (DeLozier, 1999).
The Former TAC Workers’ Small Business Efforts

Some of the former TAC workers I interviewed had received help from CAEL.¹⁵⁵ Seventeen of the workers I interviewed said they had gotten these grants for running a business. Seven women had spouses who were operating small business and submitted plans to expand these family businesses which included lawn care, landscaping, farming, sawmills, construction, and machine sharpening. Seven other women started home-based businesses to provide supplemental incomes to other sources of family income (e.g., wage work). These businesses included sales of beauty products, vitamins, home decorating items, vegetable crops, and greenhouse plants, and services such as sewing and rentals (e.g., a bed and breakfast and a residential mobile home). Seven of the fourteen said that their businesses (their own or their husband’s) were no longer operating in 2003.

Four were still running businesses at sites adjacent to their homes at the time I interviewed them in 2003. They were still operating in October 2008. Two had qualified for retirement income from TAC when it closed and their business incomes (a tool sharpening business and a beauty shop) were supplementing their retirement incomes. One was sewing in her home to supplement her income from her full-time day job. The other one was running a restaurant and storage unit rental business and this was her major source of income. Hers is a most unexpected business success story.

Pad-Thai in Pandora

I first met Dao at her restaurant. I had been driving through the small community of Pandora in Alongways County when I spotted a food cart (the kind that is pulled behind vehicles to festivals), sitting next to the two-lane highway. A sign advertised Thai food and I found that the cart was Dao’s restaurant. After I had made several visits for her tasty Pad-Thai, I discovered that she was a displaced TAC worker and had begun running the restaurant after the plant closed. She said she had decided not to take any of the education opportunities because “I had no education.” She was a native of Thailand and had quit

¹⁵⁵ Of 35 former TAC employees I interviewed, three were not eligible for this grant. Two of these three had been members of management and one had quit working there a few months before the plant closed. Fourteen former employees received grants to start businesses, three obtained grants to purchase computer equipment because they were enrolled in education programs, and fifteen others chose not to apply for these grants or received grants and failed to start businesses.
school in the second grade to work in restaurants as kitchen help at the age of 9 after her mother had died. Dao had come to Alongways County in 1980 with her husband (who was a county native), who she had met when he was in the military.

Dao had begun working at TAC as a temporary “fill-in” worker in the mid-1980s even though she spoke almost no English. I asked her how she worked her way into a permanent job at TAC since she spoke little English and she said: “I not talk English much but I understand when the woman trained me to do things. And, I tell the woman, I’m a human, I can control that machine.” She proved to be a very efficient and skilled worker and performed many sewing jobs at the plant. She had worked there for 14 years when it closed. When I met her, her spoken English was quite understandable and I asked her how she had improved it. She said she had realized while working at TAC “if I shut my mouth I can learn more from them. So, I learned how to shut my mouth a lot.”

Dao had begun selling her homemade egg rolls to her co-workers about eight years before the plant closed because she needed extra income to pay for childcare for her two young daughters. She had taken the $6,000 TAC small business grant and purchased the kitchen cart to start her business in 1999. She knew her food was not familiar to most people in the area, but began taking her cart to area festivals. She also gave out business cards to those who tried her food and placed ads on the local radio station. She also did some catering.

By 2003, she had built a customer base and she parked her cart in a permanent spot next door to her home. To make a customer dining area, she placed a few picnic tables and chairs in her flower garden in a shady spot near a cool creek. Customers often called ahead and drove through to get their food orders. She also raised many of the vegetables and herbs she used in her cooking in her garden next to the cart. She was extremely frugal and by 2003 she had taken some of her savings and placed some rental storage units on the other side of her home. By 2006, she had built a permanent building (where her cart once sat) with an inside dining area, kitchen, and counter area. Her oldest daughter now helps her run the business and it was still operating in 2008. She was able to find a niche market that had unmet demand as there are no other Thai restaurants within an hour’s drive and she has customers who come from nearby and far away to eat her food.
The Small Business Support Center

After the economic development consultant was terminated, a small business support center for the county opened in May 2000. TAC’s foundation had given a grant to the regional university for $260,500 to provide start-up support for micro-enterprise businesses and a small business support center that would target low income individuals, minorities, and women, whose access to entrepreneurship has historically been limited. The center was to provide training, technical assistance, follow-up assistance, and lending to qualified county residents. Its services were not limited to displaced TAC employees (personal communication with center director, 2003).

The regional university hired a director and two staff people to run the small business support center, which opened in May 2000. The center received non-recurring grant funds from several federal agencies. The North American Development Bank provided $248,000 for community adjustment and development and the Community Development Corporation provided $398,000 for micro-enterprise development activities. In addition, the U.S. Department of Agriculture provided $80,000 to renovate the existing small business center offices in Grant City. These funds were used to add a few modular offices and provide a computer, fax machine, and printer for clients’ use. Labor to build the incubation area was provided by the state prison which sent inmates to do the construction (as part of its community service program).

I interviewed the center’s director who had advised a large number of clients. Many of them were seeking to expand small side businesses that they were already operating to supplement their incomes from wage work. He gave me a list of the kinds of businesses\textsuperscript{156} that his clients had been interested in starting or expanding. The list included a wide variety of businesses including small retail, personal services, construction, agriculture, restaurants, and tourist-related businesses. The director noted that the proportion of men versus women he had assisted was about equal. When couples sought assistance from the center on running family businesses he noted that the men and women usually had separate roles: men were doing the manual labor tasks while women were doing the bookkeeping and customer relations tasks. He estimated that about 25% of the clients he had helped actually started

\textsuperscript{156} There were at least a hundred listed.
businesses. The center had made loans to nine people (the director could not confirm how many were former TAC employees) and clients who qualified for a loan could borrow up to $10,000. None of the TAC workers I interviewed mentioned that they had known about or sought services through the small business center.

The center director projected that small business growth in the county would be service-oriented with much of it based in construction-related work, tourism (with a focus on the nearby state and national forests), and small-scale agriculture oriented toward niche-markets.

In addition to his small business center responsibilities, the director was also acting as an industrial recruiter for the county and was pursuing funding for special infrastructure projects that would help attract outside businesses and education opportunities. He was working on obtaining grant and loan funds for a telecommunications project that would provide broadband internet services to the county. He thought this technology might attract more “white-collar work” such as call centers and billing service centers, and that it would allow post-secondary education via the internet. By August 2007, he had been successful in getting the technology improvements needed to allow two colleges to offer distance learning via on-line courses and interactive televised courses at a site in Grant City (Local newspaper, 2009b). One medical billing service did come to the county for a brief period after that but the business left in April 2009 (regional newspaper, 2009).

EDUCATION, TRAINING, AND JOB SEARCH ASSISTANCE FOR THE DISPLACED TAC WORKERS

Education and Training Assistance through Federal Training Programs

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This section addresses specific research question 4 regarding the approaches that formed the basis for the education and training initiative that were available to the displaced TAC workers. The specific descriptions of these programs and details about services were discussed in Chapter 4 in the section entitled “Workforce Training Programs for Dislocated Workers”.

EDWAA refers to the Economic Dislocation and Worker Assistance Adjustment Act which was part of the Job Training Partnership Act. TAA refers to the Trade Adjustment Assistance program and NAFTA-TAA refers to the TAA program for workers who were displaced because of job losses due to the North American Free Trade Agreement.
TAC’s displaced workers were eligible for education and training through federal displaced worker programs. The TAC workers were declared eligible for services under the EDWAA program shortly after the plant closure announcement in February 1999. Subsequently, they received federal certification of eligibility for the NAFTA-TAA program in August of 1999 because their job losses were attributed to a shift in TAC’s production to Mexico (U.S. Office of the Federal Register, 1999).

The EDWAA program was replaced by the Dislocated Worker program under the Workforce Investment Act in 1998. However, the TAC workers lost their jobs in 1999 during the two-year program transition period and WIA was not implemented in Tennessee until July 2000. Thus, the TAC workers began receiving services in 1999 under EDWAA or NAFTA-TAA and continued under these programs’ service plans even after the new WIA program was implemented. The kinds of services displaced workers received were tailored to the needs and readiness of each displaced worker. Workers were interviewed and received aptitude and interest assessments. These services were provided by staff at the Grant City office of the regional sub-state grantee (SSG) that administers workforce programs. This partly determined the kinds of education and training they took.

Service availability depended on program funding at the time displaced workers applied for services. Those who received services in 1999 prior to the NAFTA-TAA certification would have been funded by EDWAA. A program administrator at the regional SSG office stated that the EDWAA program was funded at a higher level in 1999. However, she stated there was coordination between the two programs to maximize the services clients could receive while ensuring that there was no duplication of services (this was mandated by the federal government). For example, tuition for a qualified classroom training program at the local community college might have been funded under one program while reimbursements for training-related travel might have come from the other.

\textsuperscript{159} The regional SSG operates as a non-profit entity under the regional workforce investment board. It receives allocated funding from federal and state governments to coordinate and deliver federal- and state-funded workforce education and training programs.
The SSG program administrator also noted that the main benefit that NAFTA-TAA program clients could have received that was not available under EDWAA was a monthly Trade Readjustment Allowance payment (TRA). These payments provided extended income support to individuals while they were participating in full-time training if their unemployment benefits had been exhausted. Both EDWAA and NAFTA-TAA programs could have covered a maximum of two years of qualified education or training programs which would have permitted clients to obtain a GED plus a 2-year post-secondary degree.

**Transition Assistance Services for Displaced Workers**

*State Rapid Response Services*

Under EDWAA, the state sends a rapid response unit to a community whenever there is a large layoff or facility closure. About a month after the TAC plant closed, the rapid response team gave an orientation session on displaced worker assistance programs at the TAC facility which all workers were required to attend under their severance agreement.\(^{160}\)

Representatives from SSG, the state Employment Service, the county adult education office, two TAC-contracted providers of transition services, the TAC human resources office, and the UNITE labor union gave TAC workers information about the benefits and services that were available to them (UNITE, 1999b). The workers also received immediate certification of their eligibility for EDWAA displaced worker programs and were informed about how to apply for unemployment insurance benefits and various other services.

*Sub-State Grantee Services*

Following the closure of the Grant City plant, the TAC Corporation’s foundation gave SSG a grant to help fund displaced worker assistance activities for the county’s residents. The Grant City SSG office was located in the state-run career center which was located only a few yards from the TAC plant site. TAC allowed the plant site to be used to conduct some of the assistance activities.

The SSG assisted the TAC workers in choosing new career paths and in entering approved education and vocational training programs through certified providers. These providers included the county adult education office, a state-run vocational-technical education center.

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\(^{160}\) TAC employees received $500 if they attended required sessions held at the plant site to educate them about transition benefits and services (UNITE, 1999b).
training school, two state community colleges, a regional university, and a few private training facilities. The counselor I interviewed there described the services that her agency provided to the displaced workers:

Once the [state] Employment Office determines that an individual needs assistance and employment or further training to seek to get better employment, they refer the clients to us. At that time we can give them services [oriented toward] helping them find a job, going more in depth helping them find a job, job skills like--pre-job skills like interviewing skills, how to dress, writing a resume. We can do assessments with them to help them find out exactly what their main interests are and what jobs they’re suited for, where their skills lie in math and reading, if they need that. If they can’t find a job or if they feel like they would like to better themselves through higher education, we can do assessments and funding to send them to school. We essentially do counseling with them first, once they’re referred, to find out exactly what they need and what they want, and then we go from there either toward the job end or the training then the job service.

If an individual has had a hard time finding employment and they really desire to go back to school, they have to decide what they want to do. They have to decide where they want to go get that education. They apply and get accepted. Then, they come back to us and let us know they’ve been accepted. Then, we do what’s called a Career Scope to find out if they really have an interest in this occupation…. They have to sign a contract with us stating rules about attending school, making good grades, bringing attendance reports, and then becoming employed and staying in touch with us after employment.

In summary, SSG referred job seekers with their enhanced job search skills back to the state Employment Services office to conduct job searches. It referred those interested in taking education and training to various providers of approved programs and arranged assistance through federal displaced worker programs. Those interested in getting a GED were referred to the county adult education office in Grant City. Those who wanted to enroll in post-secondary education were advised about approved programs offered through various
education and training providers in the region and about the programs that would be offered at the new education center in Grant City.

**TAC’s Severance Benefits and Transition Assistance Services**

TAC offered its displaced employees “the richest package of severance benefits ever given to North American apparel workers” (UNITE 1999a & 1999b). The employee severance package included eight months’ pay\(^{161}\), a maximum of eighteen months of subsidized medical insurance and up to three weeks severance pay (both based on years of service), retirement and continued medical insurance benefits for qualifying employees\(^{162}\), and a transition assistance bonus of $500 for attending a series of meetings and workshops.

TAC also offered each eligible employee a $6,000 grant for education and training, relocation, dependent care, or business-startup. This was available for up to two years from the plant closing in February 1999 (UNITE, 1999b). As discussed earlier, several workers I interviewed received these grants to start or expand small businesses. Three who were enrolled in an approved education or training program also received the $6,000 to help with education expenses. Each used this funding to buy a computer to use while in school.

In addition to the business start-up counseling provided by CAEL, TAC also contracted with a consulting firm, Lee Hecht Harrison, to provide career counseling services to its displaced workers. Lee Hecht Harrison conducted workshops and gave personal assistance on preparing job applications and resumes and interviewing.

**Summary of Education, Training, and Job Search Assistance**

Because the displaced TAC workers were eligible for federal workforce training programs, they could have received up to two years of occupational education or training in approved post-secondary programs. Together, CAEL, the SSG, TAC, and Lee Hecht Harrison provided a combination of transition assistance services to the TAC workers in

\(^{161}\) When this ended, those who were still unemployed qualified for unemployment benefits (26 weeks) (UNITE, 1999b).

\(^{162}\) Employees who were at least 50 years old with 15 years of service qualified for early retirement and continuation of health insurance benefits through TAC. Those under age 50 with at least 25 years of service were also eligible to draw some retirement benefits when they reached age 55 (UNITE, 1999b).
starting small businesses, enrolling in GED or post-secondary education and training programs, and pursing new employment.163

POST-SECONDARY EDUCATION OPPORTUNITIES FOR THE DISPLACED TAC WORKERS

Out-of-County Education Institutions
One community college had offered a few courses in Grant City in the 1980s and another in the early 1990s but each stopped offering courses there because of low enrollments. When TAC closed in February of 1999, there were no post-secondary education opportunities in the county. A state-run vocational and technical training school (VTT) and an in-state community college (ICC) offered courses in a town located about 45 minutes from Grant City. ICC’s main campus and a regional state university (RSU) were located about 80 minutes from Grant City (in different towns). Also, another community college was located about 45 minutes from Grant City in another state.

Education Opportunities in 1999 and 2000
During 1999 and 2000, the SGG arranged for the ICC to offer a three credit-hour class that taught basic computer concepts and applications since this was a required class for most post-secondary programs and few of the TAC workers had any prior experience using computers. It was taught at the TAC plant site in the months following the closure. During this time period, some of the displaced workers began GED programs at the local county adult education center in Grant City and some enrolled in education and training programs at the out-of-county sites of the vocational school and community colleges.

The Alongways County Education Center Opens
Because of the large number of displaced TAC workers who were eligible to enroll in education and training programs through federal workforce programs, there was renewed interest in having more post-secondary courses offered locally. During the year 2000, Alongways County, the SSG, the state vocational-technical training school (VTT) and the

163 Most of these assistance activities occurred during the first six months after the plant closure in late February 1999.
in-state community college (ICC) began efforts to bring courses to Grant City. With funds from TAC’s foundation, Alongways County, and the regional Workforce Investment Board, a small education center with two classrooms was opened in Grant City in spring of 2001. The classrooms were located in the same building as the state career center which housed the SSG and Employment Services offices, and this was adjacent to the former TAC facility in Grant City. TAC’s foundation also gave $50,000 to start a college scholarship fund for all Alongways County residents and some local businesses contributed to this fund as well. TAC’s Foundation also gave a grant to the SGG to hire a workforce development facilitator for 18 months.

Courses Offered at the New Alongways County Education Center

After the center opened, VTT and ICC began offering four or five courses per semester toward specific occupational certifications or two-year degree programs. Both were partnered with the regional Workforce Investment Board and SGG (its administrative agency) to offer one- and two-year programs that were approved under federal- and state-funded workforce training programs. Both VTT and ICC offered vocational and technical non-degree programs (usually less than 18 months in duration) and ICC also offered two-year degree programs. Both institutions’ mission statements indicated that they were oriented toward training students for occupations in which there was anticipated demand in the region such as skilled trades, advanced-skill manufacturing, and medical and allied health.

Programs offered by the Vocational-Technical Training School (VTT)

VTT offered courses that would count toward a 12-month Business Systems Technology diploma and required about 15 courses. This occupational training program prepared students for careers as professional secretaries with a specialty in one of four areas: accounting, administrative, legal, or medical assistant. Those taking a 4-month or 8-month program could get certificates in general office or information processing. VTT also offered courses toward an accelerated Licensed Practical Nursing (LPN) program. This program required one year of course work (about 17 courses) and then a clinical internship at an approved medical facility. It was designed to prepare its graduates to take the state examination to become a Licensed Practical Nurse and then work in medical facilities. Both
programs required a GED as a prerequisite to entry, and the LPN program required applicants to pass a nursing entrance test to be accepted into the program (Vocational Technical Training school, 2009).

**Programs offered by the In-State Community College (ICC)**

ICC offered courses that would count toward an Associate of Science Degree in General Studies or Business Management Technology. In the General Studies program (a 60 credit-hour program), students took core academic and elective courses that are required during the first two years of most four-year degree programs (e.g., English composition, history, math, and science) and were transferable toward most baccalaureate degrees (In-State Community College, 2009).

The Business Management Technology program (a 62 credit-hour program) prepared students for entry-level management jobs and its students took entry level business courses (e.g., accounting, finance, computer, marketing, etc.) and a limited number of general core and elective courses. The ICC catalog from 2001 stated that this program was “intended to prepare a person for employment in a specific field rather than for transfer to a four-year college or university. However, many institutions do accept all or part of the course work taken … toward the baccalaureate degree” (In-State Community College, 2009, p. 68). Both programs required a GED as a prerequisite to entry. ICC offered these courses in a “fast track alternative delivery program designed for the mature working adult student with classes offered in 5 to 7 week blocks” (In-State Community College, 2009). Classes met one or two nights per week and students were required to work in learning teams outside class for 4 to 5 hours per week.

Some TAC workers opted to take courses toward shorter one-year certificate programs in the Secretary/Receptionist or Accounting Technology programs which prepared them for entry-level clerical jobs in offices. Even though several courses were offered each semester in Grant City, students who took courses through either VTT or ICC sometimes had to travel to the out-of-county sites of these institutions to get courses to complete a program. In addition, each institution offered a broader variety of courses at their main campuses.

**Programs Offered at the Out-of-State Community College (OSCC)**
An out-of-state community college (OSCC) was located about 45 minutes from Grant City. It was not able to offer courses inside the state of Tennessee. However, it allowed Alongways County residents to enroll in classes on its campus at tuition rates that were only slightly above its in-state rates due to a reciprocal agreement between its host state and the state of Tennessee. It also offered programs that were approved under federal- and state-funded workforce training programs. Its occupational and technical education programs were “designed to meet the increasing demands for technicians, paraprofessional workers, and skilled craftsmen…[and] were intended to train students preparing to enter the job market for the first time… or [to retrain] persons who must develop new skills for the present job market” (OSCC, 2009). Several of the former TAC workers chose to enroll in four of its two-year degree programs (discussed below). Each program required at least 68 credit-hours of coursework including some general education and elective courses and additional specialized courses for a chosen occupational area. Graduates earned an Associate of Applied Sciences degree. Some courses were transferable toward baccalaureate degrees.

The Administrative Support Technology program prepared graduates with advanced secretarial skills and had several specialty areas. Some former TAC workers enrolled in two of these areas: legal assisting and medical office specialist. The Legal Assisting Program included a few specialized legal courses to prepare graduates to work in entry level positions under the supervision of an attorney in jobs at entities such as law firms, banks, title insurance and mortgage companies, and government agencies. The medical office specialist program included specialized courses (e.g., medical terminology and transcription) to prepare graduates to work in medical office jobs (OSCC, 2009).

The Human Services program prepared students for entry-level work in human service-related fields including child care, social services, nursing homes, corrections institutions, and education (as aides to teachers and counselors). Its specialized courses included psychology, sociology, public services and human services. The Police Sciences program prepared graduates for entry-level jobs in criminal justice occupations such as

164 It was not a paralegal program which is more technical and less clerical in nature.
police, security, corrections, probation, and parole officers. Its specialized courses included criminal law and investigation, forensic science, and law enforcement (OSCC, 2009).

**FINDINGS REGARDING POST-SECONDARY EDUCATION AND THE DISPLACED TAC WORKERS AS A WHOLE**

There had been 476 production workers (non-management) employed at the Grant City TAC plant when it closed (TAC, 1999a). The local SSG office provided assistance to 434 TAC workers after the plant closed. A total of 311 workers accepted assistance for training under the federal- and state-funded workforce training programs.

The information SSG gave me did not account for the training of all 311 of these workers but gave information for 75% these workers. Forty-eight former TAC employees had enrolled in GED preparation programs with the adult education office and 34 of them received their GEDs. Approximately 127 of the displaced workers\textsuperscript{165} had enrolled at VTT in occupational training programs lasting one year or less: 64 took clerical office training, 61 took licensed practical nursing training, 1 took electrician training, and 1 took welder training. Others had gone to three state community colleges (including ICC, OSCC, and another out-of-state community college) and a regional in-state university for programs ranging from a few months to 2 years. Of these, approximately 50 enrolled in secretarial or clerical office training programs and another 15 took training in early childhood development, human services, criminal justice, pharmacy tech, or phlebotomy. Two went to private training schools for computer technology training (e-mail communication, October 22, 2008).

**FINDINGS FOR TAC WORKERS I INTERVIEWED**

**TAC Workers Who Chose Not to Take Education or Training**

I interviewed 35 former TAC workers during the summer of 2003. Of these, three were not eligible to receive education and training through programs for displaced workers

\textsuperscript{165} This group may have included some who had gotten the GED and then gone on to post-secondary programs.
(these are interviewees # 1, 2, and 3 on Table 6.1). One had been in management at TAC and had already earned a four-year degree just prior to the TAC closure and TAC had paid for her education. The other two had left TAC a few months prior to the plant closure—one had retired and the other was operating a business.167

Of the 32 who were eligible to receive education and training, seven chose not to take any (these are interviewees #4-10 on Table 6.1). They gave a variety of reasons for why they decided not to pursue additional education or training. Three took new jobs where they received some on-the-job training by their new employers. One had teenage children and wanted to spend more time with them. One was eligible for retirement when TAC closed and decided to not seek new employment. One started her own restaurant business (Dao who is interviewee #4 on Table 6.1), and another decided he needed to work so that his wife, who was also a displaced TAC worker, could go back to school. His story is somewhat typical of the choices made by men who were displaced when TAC closed.

**The Men Must Be the “Breadwinners”**

**Marvin’s story**

Marvin (#5 on Table 6.1) was a mechanic at TAC and he had been hired to do post-closing operations at the plant for several months. His wife had also worked at TAC and after the plant closing she attended VTT to pursue a Licensed Practical Nurse diploma. One of them had to work to pay their normal living expenses and provide health insurance for the family and he had more job opportunities with his skills. He had gotten his GED while working at TAC and had planned on going to VTT to upgrade his skills to become a certified welder or electrician while working part-time in the closing job for TAC. However the building was transferred to a new factory earlier than expected and he worked there briefly until he got a new full-time job doing maintenance at a juvenile detention center; however it is now operated by a different private company and his employment in 2008 is unknown.

Ironically, Marvin’s transferable mechanic skills, many of which he had upgraded

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166 Table 6.1 covers 3 pages.
167 I interviewed these three employees because of the different perspectives they could offer on many issues. Two had been members of TAC’s management at the plant. The other had worked in several apparel plants in the county including TAC (for 18 years) and was also running a restaurant in the county in 2003.
via special training while at TAC, enabled him to support his family, but also influenced his choice not to take advantage of federal retraining programs after the plant closed. Marvin’s situation is consistent with what some of the TAC workers told me when I asked if male coworkers had gone to school. Most thought that men had felt more pressure to get jobs quickly because their primary role was to support their families. Several explained that at least one member of the family needed a full-time job just to survive and that the need for health insurance and retirement benefits meant some had to take employment in jobs outside the county or state and drive long distances, and men were more willing to do this. Thus, for some men, this meant foregoing the education and training opportunities that were available. The SGG counselor who had helped many of the TAC workers noted:

We have really worked with more women than men, and that’s probably because the man, if he’s lost a job, probably has to get out there and find a job quickly if he’s the breadwinner. I think a lot of them didn’t seek [education or training]… they came and asked us to help them find a job, but they might not have enrolled for training purposes because they felt like they couldn’t be without a job that long. So, we’ve enrolled probably four times more women than men.

Since 90% of the TAC workers were women, this ratio of women to men enrolled in programs is not unexpected. Still, many I interviewed commented about the men being the breadwinners and how they were working at new jobs in factories, both in the county and outside it. The remaining factories in the county were in wood processing industries that are male dominated and the prison also hired more men than women. However, the notion that the men are still under more pressure to support their families suggests that cultural norms regarding gender roles influenced education and job choices and that traditional gender roles are still quite strong in the community.
Table 6.1: Education and training of TAC workers and relationship to employment in year 2003 for TAC workers #1-13.

<table>
<thead>
<tr>
<th>#</th>
<th>Age</th>
<th>Sex</th>
<th>Prior education</th>
<th>Education taken after TAC closure</th>
<th>Education provider</th>
<th>Job in 2003 related to Education?</th>
</tr>
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<tbody>
<tr>
<td>#</td>
<td>Age</td>
<td>Sex</td>
<td>Education provider</td>
<td>Job in 2003 related to Education?</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>#1</td>
<td>53</td>
<td>F</td>
<td>HSG+ Cosmetology</td>
<td>Not eligible - left TAC a few months before closure</td>
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<tr>
<td></td>
<td>#2</td>
<td>57</td>
<td>M</td>
<td>HSG</td>
<td>Not eligible - Retired and left TAC a few months before closure</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>#3</td>
<td>44</td>
<td>F</td>
<td>BBA</td>
<td>Not eligible - earned BBA Human Resources while at TAC</td>
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<td></td>
<td></td>
<td></td>
<td>Workers not eligible for training</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>#4</td>
<td>55</td>
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<td>2nd grade</td>
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<td></td>
<td>#5</td>
<td>48</td>
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<td>GED</td>
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<tr>
<td></td>
<td>#6</td>
<td>39</td>
<td>F</td>
<td>HSG</td>
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<td></td>
<td>#7</td>
<td>57</td>
<td>F</td>
<td>HSG + Secretarial training</td>
<td>none -eligible to retire when TAC closed</td>
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<td></td>
<td>#8</td>
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<td>GED</td>
<td>On the job training at new employer</td>
<td>employer trained</td>
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<tr>
<td></td>
<td>#9</td>
<td>47</td>
<td>F</td>
<td>HSG</td>
<td>On the job training at new employer</td>
<td>employer trained</td>
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<tr>
<td></td>
<td>#10</td>
<td>25</td>
<td>M</td>
<td>HSG + one semester college</td>
<td>On the job training at new employer</td>
<td>employer trained</td>
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<tr>
<td></td>
<td>Workers who did not pursue training</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>#11</td>
<td>52</td>
<td>F</td>
<td>HSG</td>
<td>Decorative Painting Instructor certificate</td>
<td>art workshop</td>
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<tr>
<td></td>
<td>#12</td>
<td>61</td>
<td>M</td>
<td>GED</td>
<td>6 month correspondence course machine tool sharpening</td>
<td>Correspondence course</td>
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<tr>
<td></td>
<td>#13</td>
<td>55</td>
<td>F</td>
<td>HSG</td>
<td>Cosmetology school + CAEL workshops on running a business</td>
<td>unknown</td>
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<td>Workers who pursued non-qualified training</td>
<td></td>
<td></td>
<td></td>
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</table>

Source: Data is from interviews with former TAC workers in 2003.
Table 6.1 continued: Education and training of TAC workers and relationship to employment in year 2003 for TAC workers #14-25.

Workers who pursued qualified training

<table>
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<th>#</th>
<th>Age</th>
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<tbody>
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<td>14</td>
<td>54</td>
<td>F</td>
<td>HSG</td>
<td>3-month Concepts of Computers/Applications</td>
<td>ICC</td>
<td>No</td>
</tr>
<tr>
<td>15</td>
<td>50</td>
<td>F</td>
<td>HSG</td>
<td>3-month Concepts of Computers/Applications</td>
<td>ICC</td>
<td>No</td>
</tr>
<tr>
<td>16</td>
<td>48</td>
<td>F</td>
<td>HSG</td>
<td>3-month Concepts of Computers/Applications</td>
<td>ICC</td>
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<tr>
<td>17</td>
<td>34</td>
<td>F</td>
<td>9th grade</td>
<td>GED + 3-month Concepts of Computers/Applications</td>
<td>Adult Ed &amp; ICC</td>
<td>No</td>
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<tr>
<td>18</td>
<td>50</td>
<td>F</td>
<td>10th grade</td>
<td>GED + 3-month Concepts of Computers/Applications</td>
<td>Adult Ed &amp; ICC</td>
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<tr>
<td>19</td>
<td>46</td>
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<td>HSG</td>
<td>1 yr  Secretary/Receptionist Certificate</td>
<td>ICC</td>
<td>Yes</td>
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<tr>
<td>20</td>
<td>45</td>
<td>F</td>
<td>HSG</td>
<td>1 yr  Secretary/Receptionist Certificate</td>
<td>ICC</td>
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<tr>
<td>21</td>
<td>50</td>
<td>F</td>
<td>HSG</td>
<td>1 yr  Accounting Technology Certificate</td>
<td>ICC</td>
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<tr>
<td>22</td>
<td>55</td>
<td>F</td>
<td>HSG</td>
<td>1 yr Business Systems technology - Administrative Assistant</td>
<td>VTT</td>
<td>Yes</td>
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<tr>
<td>23</td>
<td>49</td>
<td>F</td>
<td>HSG</td>
<td>1 yr Business Systems technology - Medical Assistant</td>
<td>VTT</td>
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<td>1 yr Business Systems technology - Medical Assistant</td>
<td>VTT</td>
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<tr>
<td>25</td>
<td>44</td>
<td>F</td>
<td>HSG</td>
<td>1 yr Business Systems Technology - Accounting Asst. + 3 months pharmacy tech</td>
<td>VTT &amp; Regional university</td>
<td>Yes</td>
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</table>

Source: Data is from interviews with former TAC workers in 2003.
Table 6.1 continued: Education and training of TAC workers and relationship to employment in year 2003 for TAC workers #26-35.

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<th>#</th>
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<td>26</td>
<td>36</td>
<td>F</td>
<td>10th grade</td>
<td>GED + 2 yrs AAS Administrative Support Technology -Legal Assisting</td>
<td>Adult Ed &amp; OSCC</td>
<td>No</td>
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<td>ICC &amp; OSCC</td>
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<td>VTT &amp; Regional university</td>
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Source: Data is from interviews with former TAC workers in 2003.
Education and Training Taken by TAC Workers and Their Relationship to Workers’ Employment

Non-Qualified Training Taken by TAC Workers and Their Employment

Of the 35 former TAC workers I interviewed, 25 took some type of additional education or training after the plant closed (see Table 6.1). Three took training that did not qualify for assistance through federally-funded training programs. These programs included an art instructor course, a machine tool sharpening course and a cosmetology course. The art instructor was unemployed in 2003 and her employment was unknown in 2008. The latter two used TAC small business grants to help pay for their training and were running their businesses in 2003 and in 2008, although both were using these incomes as supplements to their retirement incomes from TAC.

Ruth’s story

Ruth (#13 on Table 6.1), the cosmetology student, had been the first woman to become a mechanic at the TAC plant and thus had some of the most marketable skills in the county. However, she needed new employment that was part-time and in-home so that she could care for her terminally ill husband. With the help of family members, she built a beauty shop adjacent to her home. Still, she dreamed of working as a mechanic again someday because she loved any traditionally male job that was a challenge and involved using tools. Now she was in an extremely traditional job for a female in the county. However, she had also wanted to be an artist when she was in high school and one could argue that she was using new tools to create art in a different way with her beauty shop clients. Both she and a fellow mechanic (Marvin) demonstrated the sacrifices made by many because of their loyalty and commitment to family. Marvin had aptly described this situation in stating "we do what we must do".

Qualified Training Taken by TAC Workers and their Employment

Twenty-two (all women) of the TAC workers I interviewed took some type of coursework, training, or education program that qualified for assistance under federally-funded workforce programs. Three took only the Concepts of Computers and Applications
course that ICC had offered during 1999 at the TAC plant after it closed. Two others took it and also got their GEDs. Of these five, two worked part-time in small retail or personal service shops in Grant City, two worked as part-time bank tellers in town, and one was unemployed. Of the four who were employed, all were in the same jobs in 2008 except for one bank teller whose employment was unknown.

Seven women took one-year programs (three through ICC and four through VTT) that prepared them for entry-level secretarial and clerical office jobs. One was not working in a clerical job but was employed part-time at a personal service shop in Grant City. Four were working in clerical office jobs at a transportation company in the county. Another was working in the office at a medical clinic in Grant City. The seventh was working in a pharmacy in Grant City and she was using her skills in bookkeeping for her husband’s new business. All seven were still working in these same jobs in 2008. For Karen, this training brought bigger life changes than usual.

Karen’s story

Karen (#25 on Table 6.1) had taken the Business Technology program at ICC at the Grant City center and had received an Accounting Assistant certificate. However, she could not find a job near her home related to this training. For her this was very important because she had not driven a car in 24 years since she and her husband had always worked at the same factories, including TAC. Instead she found a job in a pharmacy in Grant City about 10 minutes away so that he could drive her there. Her employer wanted her to take a 3-month course at the regional university to be a pharmacy assistant and offered to pay for the training, however this university was an 80-minute drive from her home. I interviewed the couple together and her husband spoke proudly of how she had handled this change:

I took her the first couple of times and made sure she was watching all the stops in the road and where we were going. And, then I made her take me down there once, in the rain, and then she was on her own. And, then she did good. I bought the [cell] telephone so she could call and keep up. She’s done good. She wasn’t thrilled, but she’s done good.

Five other women took the two-year programs in Administrative Support Technology
and earned Associate of Science degrees. Of the five, two had obtained secretarial jobs in offices working for an attorney and an insurance office in Grant City and one was working part-time at a medical clinic in a town about 45 minutes from her home. These three were still at the same jobs in 2008. The other two were quite frustrated because they had not been able to find jobs related to their training. One, who had earned her GED and then her AAS in legal assisting, was working at a juvenile detention center in 2003; and her employment in 2008 was unknown. The other had earned her AAS in medical office specialist but had a part-time job at the local community center in 2003 and was working at a factory in another town in 2008. Both felt that not having a network of contacts outside the county had significantly hurt their chances of finding jobs related to their training as very few of these jobs existed inside the county.

Two women sought training not in computer or secretarial skills but in fields related to human and social services. One of these women earned her Associate of Applied Science degree in Human Services from OSCC and was working at the juvenile detention center as a counselor in 2003. In 2008, she took a job out of state after the detention center was taken over by another private company. The other, Jo, had earned her AAS in Police Science and a Bachelors of Science in Criminal Justice by 2003 while she was working part-time jobs in related fields.

Jo’s story

By 2008 Jo (#32 on Table 6.1) had gotten a full-time job as a probation officer in the county and this was the job she had dreamed of having. It had come after many years of working nights and then going to school all day without sleep. She had taken out a student loan to go the additional two years to the regional university to earn her BS degree. Her life had been difficult. After high school she had moved to a city in another part of the state to attend a one-year secretarial training school because her parents had chosen this path for her. However, she came back to the county and began working in factories because she could make more money in production jobs there. She had raised a son as a single mother and then he had died in his early twenties. Still she was motivated to learn about new things she found interesting. She had volunteered and been selected to work on a plant redesign...
team to make the teamwork production system work better at TAC and had been quite interested in learning about using computers in the design work. She remarked that she was not afraid of change although she thought the culture of the community was one of resisting change—even if it was change that might improve a situation. She stated:

Around here, people are very resistant to change. They hate change. They don’t want to change. I guess it’s just that everything in [Alongways] County’s just always been so, I don’t want to say dull, but people just, they don’t like change.

They don’t like…I mean, they just fight it—tooth and nail.

But for Jo, her sheer determination and love of change ultimately led her to her goal.

The nurses’ stories

The final three women who engaged in qualified training programs were the most successful in terms of wage enhancement. These were Glenna (#33), Cordie (#34), and Louise (#35), all of whom pursued training in nursing (see Table 6.1). Each took the one-year Licensed Practical Nurse program at VTT and each passed the state board exam afterwards and did a year of clinical internships at hospitals outside the county. Each got jobs at these hospitals upon finishing their internships. They were the most pleased of any of the former TAC workers with their new jobs because they were making higher wages than at TAC and had benefits.

Cordie and Louise chose to continue their education at the regional university to get their Bachelor of Science in nursing degrees and were still in their junior year of this program in 2003. Applying for the BSN program was a major step for both of them as it required them to write essays and go through interviews. They were competing with several hundred people for 20 entrance slots. Cordie spoke of this experience: “I filled out my application, and I wrote a little essay. I wrote about living in a rural town, [and] I would have to travel 50 miles any way I went to work. I just wrote about myself and my dreams, you know.” Both women were accepted to the BSN program. Because the university was 80 minutes away and they had classes five days a week, they rented an apartment together to be near the university and saw their families only on the weekends during much of this program. In 2008, both had earned their BSN degrees and were working at the small
medical center in the county as nurses.

For both women, this was a transformative experience that neither had anticipated. Cordie described the feeling of freedom that she experienced when at the university:

One year after I started, I looked around the room. And I saw [my son’s former high school] classmates at college. And, I was like, oh…. But, they were…open and receptive, you know, and the good thing about it [is] nobody knows me. [At the university], I can be whoever I want to be. So, they have to judge me for face value. If I bring good tools, good study skills, knowledge to the…. seminars I participate in, they don’t know that I live in a trailer in a remote area….but it does [matter] here [in Alongways County] sometimes, you know. [And I’m] thinking, I’ve got to excel, but-I said, well, when I’m at Disney Land, nobody knows where I live.

From her own experiences and those of her children (some had gone to college and some had not), she noted that many of the young people of the county lacked exposure to broader experiences and the academic skills (i.e., the cultural capital) they needed to excel in a university setting. She stated, “They must be totally driven to go and succeed.” Without this preparation and ambition they would “leave their dreams behind” and end up working in a factory or at the prison.

Satisfaction and Concerns about New Jobs

Most of the former TAC workers said they enjoyed being away from the grueling routine of factory work and the toll that it was taking on their bodies as they aged; several had suffered from repetitive motion injuries. Still many admitted that they would return if the plant ever came back (although none thought it would) because they had higher pay and better benefits than they have now (the exceptions were the nurses). At the end of 1998 TAC’s lowest hourly wage was $7.67 (approx. $16,000 per year) for beginning sewing jobs. Women held over 90% of the sewing jobs, and the highest hourly rate with merit for those with six months service was $8.88 (approx. $18,500 per year). Other jobs, primarily held by men, earned as much as $14.50/hour (approx. $30,200 per year) (TAC, 1998).

168 Approximate annual incomes were estimated based on hourly rate x 40 hours x 52 weeks using TAC pay scales for job classes (TAC 1998).
The long job tenures at TAC attest to the holding power of its wages and benefits. The median years of job tenure there for the 35 people I interviewed was 18 years and the average was 15 years. Several I interviewed had worked in the same building doing the same type of work for over 20. One woman described being in the same job for so long. She stated, “We went in as babies and come out as old women.”

In contrast, between 1999 and 2008 these same 35 people held a combined total of 108 jobs, or an average of 3 jobs per person. However, in 2008, 17 were still at the same job they had in 2003. Nineteen were working in Alongways County, which many said was a top priority for them because they did not want to drive the very long distances to other towns for jobs, especially in the winter.

**PERCEPTIONS OF OUTCOMES OF THE EDUCATION AND TRAINING EFFORTS**

The wave of increased post-secondary enrollments of county residents that occurred due to the training and education taken by the TAC workers was unprecedented. During the years 1999 and 2000 students from Alongways County were mostly displaced apparel factory workers and over 90% had been adult women. After these students finished programs’ enrollments fell and the county realized it needed to promote post-secondary education in order to keep local course offerings available to county residents. ICC and VTT worked with the county on recruiting more recent high school graduates as well as working adults for the new education center. In order to keep the momentum going a position was created to hire a person to work on these efforts.

**The Workforce Development Facilitator**

In March 2001, a full-time workforce development facilitator (WDF) was hired by the SGG to work in the county with grant funding from TAC and the new Workforce Investment Act. The position was funded for 18 months. The new WDF worked full-time (40 hours per week) as a liaison between post-secondary institutions, state agencies in the career center, employers, and the unemployed or underemployed people in the county.
The goal for the WDF was to help county residents increase their employment prospects by attaining post-secondary education through local course offerings and to sustain enrollments enough to keep the local education offerings continuous. The primary role of the WDF was to promote and coordinate classes and recruit students for the classes to be held at the new local education center.

The WDF also worked to increase awareness about services offered through the many agencies located at the career center including employment-related services, adult remedial and GED courses, educational needs assessments, career counseling, financial aid, and federal and state job retraining programs. She also built relationships with other entities that were involved in economic development or education-related activities in the county, including the county and city governments, the Tennessee Department of Labor, several post-secondary education institutions, the local economic development office, the USDA (a source of economic development grant funding), and several regional NGOs. In addition, she publicized the center’s services to the county's employers, informing them that the center could assist in finding suitable workers and identifying appropriate programs for workers who needed additional training.

A grant of $50,000 from the TAC Foundation funded a $1,000 scholarship annually for one county resident who was enrolled as a new student in a degree program and who would be taking some of their coursework locally at the county education center. Two women who were adult students who were entering college for the first time were the first two recipients. During 2001-2003, eleven students (ages 19 to 52) from the county who had been recruited through these efforts had completed associates degrees and 22 were still enrolled and were due to graduate in spring of 2003. Over 95% of the students had been women and most had plans to pursue a Bachelor's degree. Some of the business management graduates had gotten jobs just after finishing their associate’s degrees. One had started a business, two had gotten entry-level management positions outside the county (one had been a factory worker for 20 years), and another had gotten a job promotion at a local bank. The WDF stated the following:

County residents are realizing that the labor market has changed dramatically and
they're going to have to have some education in order to avoid [working in lower-level] service sector jobs. The low paying service industry are eating away at us due to a lot of companies moving overseas and less demand for production workers....If you don’t have the higher skills you’re going to get the lower paid and service industry jobs.

Indeed, changes in the local labor market had accelerated in the period between 1999 and 2003. In addition to TAC, several other manufacturing plants that were major employers closed their doors. As displaced workers looked for better jobs they were realizing that a Bachelor’s degree was desired and an Associate’s degree was the minimum requirement.

However, the progress made by the WDF was not enough to gain the needed commitment to sustain these efforts. When the grant that funded the WDF position ended in late 2002, no state or county funds were committed to continue the position, even though the WDF had largely been successful in meeting the short-term goals set for her. She stated:

I hate that the momentum and the involvement I was able to have with other entities and other organizations and work in the community had to stop. [You need the] momentum-if you drop something it’s just gone. It’s like a website. It's like when somebody says 'the website’s done'. If your website’s done, it’s dead. You have to constantly update. You need someone working all the time. You need someone going to the high school talking to the kids, talking to the ladies, talking to the people in the community, talking to the employers. We need greater commitment from the K-12 schools. We need greater commitment from the community and employers to support this community college effort. And, we also need a greater commitment from the colleges themselves to stay here.

She also noted that the state of Tennessee was not committed to funding post-secondary education; while nearby states had taken millions of dollars in tobacco company settlements and set up a fund for education scholarships for residents, the Tennessee legislature had used its entire settlement of these non-recurring revenues to plug a budget deficit that year.

After her job as the WDF ended, she was asked by her former supervisor at the state
prison to come back to work there full-time in an administrative position. However, because of her experience as the WDF, she was also hired to work 12 hours a week by one of the community colleges for a short time afterward to serve as its local recruiter and liaison with students for the county. Shortly after that, both the VTT and ICC stopped offering classes at the center because of low enrollments.

**Others’ Perceptions of the Future Education and Employment Prospects for the County’s Youth**

Several others involved in the education efforts in the county echoed the WDF’s sentiments almost exactly. One noted that the problem was a lack of political will to educate the county’s citizens. This person stated:

> Until the people of [Alongways] County decide that they want to do something,….until they decide that their economic condition in that county has gone down so far, [Alongways] County is stuck in very much of a dilemma….They’re stuck in a dilemma of wanting to live in the ‘50’s in a 2003 environment…. [Alongways County] is not an agrarian society anymore….Although they want it to continue to be agrarian, it can’t be….It’s seriously going to take a change in the attitude of everyone in the county [to acknowledge that and produce a new development trajectory….]

> It goes back to…education, and the leaders of the county have got to make [education] a priority….We do need people with vision and people…to say, “You know, look people, basically we’re going to hell in a hand basket if we don’t do something with the situation we’ve got right now and you know that you cannot send young people out into this world right now in the workforce uneducated. You can’t do it.”

Others noted that changing the mindset of the older county residents (a growing segment of the population) would be difficult because they did not want to pay more taxes to support education efforts.

Still others noted that some parents were reluctant to push their children toward college because they knew that there were no jobs for them in the county and that they
would have to leave and live elsewhere to find work if they got a college degree. Many of
the former TAC workers had very mixed feelings about this issue.

One woman said her son was motivated to take courses in fire fighting and become
an emergency medical technician (EMT). He was a volunteer with the local all volunteer
squad. However, he did not go to EMT school (just 45 minutes away) because to work as a
paid firefighter or EMT he would have to move out of the county to find a job. A former
TAC worker who was 25 years old when the plant closed had also wanted to be an EMT or
firefighter. He too was volunteering with the local EMS and the fire department for the
city. He wanted to go back to school at night to get certification and was looking at the
courses he could get at the community college. However, he would not be able to support
his wife and children with the jobs in the county because they were part-time only. Since he
had a management level job at a new factory, he was looking at this training as a backup in
case this factory also left. By 2008 he had left this job and was running a small business
installing gutters on homes.

Almost all the former TAC workers said that there were no jobs for the college-
educated youth and they would have to leave the county to get a job. Instead, some advised
youth to get a skilled trade in building and construction related occupations because of the
real estate development that was occurring in the county due to an inflow of out-of-state
retirees and people who were building second homes. The county had taken steps toward
making this kind of education available by adding a construction trades program in the high
school’s vocational program and it was quite popular with the male students. It had been
funded with a generous grant from a regional philanthropist.

Still there were few options for women in the county who had college degrees. One
worker’s daughter was an example of this dilemma:

DH: What kind of education would you advise young people of the county to get or
your daughter or your grandchildren?
FRANCES: Well, I have to be honest. Well, my daughter’s already went through
business which to me was a fluke. She didn’t need it.
DH: What kind of business?
FRANCES: Well, just accounting and a 4-year degree in Business Management. And, there’s not any jobs in [Alongways] County for her [24 yr old daughter] to even pursue.

DH: So, she has to go outside the county?

FRANCES: Well, actually she [her daughter] right now is working where I’m at. She’s working part-time, and she’s answering the phone and doing mostly kind of reception work,…

DH: Right. Now, if she goes outside the county, do you think that education will help her?

FRANCES: I’m sure it would, but in [Alongways] County, with it being so small, everything’s already set in stone, you know, and you have to die before you leave your job, you know. So, jobs -- jobs don’t come open, you know.

The mother considered her daughter's education to have been unnecessary and money wasted since she was not using it, but she did not want her daughter to leave the county to pursue other jobs.

Thus, the dilemma of many young adults in the county is that they must settle for less to stay in their comfort zone near their families or they must leave to use their post-secondary education. Although brain drain and the need for better jobs in the county had been two issues of major concern expressed in a survey of residents included in the county’s strategic plan in 2001, it appears that few have agreed on the solution to these problems.
CHAPTER 7

CONCLUSION

In this chapter, I conclude with a summary and analysis of my findings which considers the theoretical, policy, and practical implications of the human capital approach to redevelopment for deindustrialized rural communities. I begin by summarizing my findings with regard to each specific research question.

FACTORS CONTRIBUTING TO THE PRE-INDUSTRIAL MARGINALIZATION OF ALONGWAYS COUNTY

Research question 1 addressed the ways and to what degree Alongways County was historically marginalized prior to the arrival and departure of its major outside employers, the apparel and textile industries. I examined the county’s pre-industrial period from 1930 to 1960 and identified several structural factors that contributed to its marginalized economic status and high underemployment.

Structural Factors

Isolation and Limited Infrastructure

The county was extremely rural with a low population density of approximately 40 persons per square mile. It was geographically isolated by steep mountains that surround it. The county’s isolation was compounded by its inaccessibility; it lacked four-lane roads and travel was difficult over the few existing paved roads. Travel to commerce and employment outside the county was limited as it was more than a one hour drive from regional centers of economic activity or an airport, and a third of the county’s families had no automobiles as late as 1960. Rail service had ended in the 1930s due to a flood and a decline in timber and mineral export industries. During much of this period, residents in most of the county
lacked basic services such as electricity, telephones, public water, sewer, and solid waste disposal.

In the 1940s, Grant City became the only town in the county after another town and a fertile farm valley was flooded by the construction of a TVA lake and dam. As the county seat, Grant City became the commerce center of the county and was home to most of the county’s locally-owned small retail and service businesses. The county’s only medical facility was a small public health department in Grant City.

**Concentration and Subsequent Decline in Primary Goods Exports**

Most timber and mineral ore mining for export had declined by the 1930s as reserves were near depletion. Farmland covered just over 50% of the county’s 191,000 square acres and national forest covered another 25%. From 1930 to 1950, the majority (55-67%) of the employed labor force worked mostly in subsistence agriculture using family labor on relatively small family farms of about 65 acres on average (see Table 5.7). From the 1930s to early 1950s, some farms sold cash crops of hand-harvested vegetables and thousands of bushels of fresh green beans were shipped to regional and national markets. Other cash crops included grains, dairy products, and tobacco. However, by the mid-1950s, large-scale hand-harvested vegetable farming had all but ended because the county’s farmers were no longer able to compete with machine-harvested crops from flatter regions and the food industry had shifted to canned beans. Crop harvesting had been a major source of employment for entire families and this shift left hundreds of farm laborers with no work.

**An Undiversified Employment Base**

Although there had been some out-migration in the prior two decades, between 1950 and 1960, these changes in the economy precipitated the departure of entire families and the population fell by 12.6% as many younger families migrated to farms and factories elsewhere (see Table 5.1). The unemployment situation was aggravated by the closure of a furniture factory in a nearby county that cost 200 Alongways County workers their jobs. The county had no industrial sites or manufacturing industries except for a dozen or so family-owned saw mills and a stone mining company, all of which employed mostly men.

**Very Low Educational Attainment and Limited Opportunity**
The high school completion rate was only 16.4% in 1960 and only 2.4% of the county’s adults had completed college (U.S. Bureau of the Census, 1961a). The only high school was overcrowded and there was no middle school or vocational school. The county was court-ordered by the state to correct numerous deficiencies and build more schools during the 1960s and 1970s because county leaders had refused to raise taxes and allocate funds to remedy the situation. Some saw little need for a more educated workforce because farming and natural resource extraction required only low-skill labor and there was an abundant supply. The few who could afford it and went to college often did not return to work there as the only jobs for them were in the school system and these were reserved for those with political connections (Fritts, 1978). However, when the first apparel manufacturer came in search of 300 workers in 1960, it turned away half of the 1,600 applicants because they lacked sufficient education and vocational training (Alongways County Development Committee, 1963).

The Impact of Structural Factors on the Pre-Industrial Economic and Employment Situation

The combination of all of these factors made the county less desirable as a business location for the heavy manufacturing industries that other nearby counties had attracted (e.g., chemicals, paper mills, defense arsenals, auto parts, and electronics). The county’s economy had developed around a few low-skill industries for brief periods and then it repeated this pattern as these industries declined. The county’s comparative advantage prior to 1930 had been in natural resource extraction of timber and mineral ores for export. Most of the profits from these industries were made by externally-owned companies that bought and processed these raw resources and by a few local land owners who had owned the timber and mineral rights. When these resources were depleted, a few local entrepreneurs began raising cash crops for export, and many subsistence farmers became harvesters or leased their land to these entrepreneurs. Thus, when the county lost its comparative advantage in this industry due to technology changes, many farm workers were left unemployed and there was limited capital for investment in new industries or infrastructure.

Throughout this pre-industrial period underemployment was relatively high. Total
labor force participation from 1940 to 1960 ranged between 38-43%, and for women it was between 7-15%. By 1960, men’s labor force participation had fallen from 78.8% to 62.9% due to the decline in farming (see Table 5.10). Its poverty rate was 62.7% (nearly 3 times the U.S. rate) and its per capita market income was only $586 (35.8% of the U.S. rate) (see Table 5.5). The median family income was only $1,784 (31.7% of the U.S. rate) (see Table 5.9) and the average adjusted gross income for farms was only $900 in 1959 (Alongways County Development Committee, 1963).

CHANGES IN ALONGWAYS COUNTY’S EMPLOYMENT BASE DURING THE INDUSTRIALIZED AND DEINDUSTRIALIZING PERIODS

Research question 2 addressed how the arrival and departure of these industries changed the county’s employment base. I examined the county’s sectoral employment composition for its industrialized period (1960-1990) and its deindustrializing period (late 1980s to the present) and found that major shifts occurred in terms of where workers were employed and in labor force participation. While conditions of underemployment improved somewhat during the brief industrialized period, the economy remained distressed and the subsequent deindustrialization brought greater underemployment and distress in the county’s economy.

The Arrival and Dominance of the Apparel and Textile Industries

In the late 1950s, the county adopted an economic development strategy that followed the dominant path of modernization through industrialization in areas of comparative advantage by luring corporations in search of low-cost labor away from other regions. This “job creation” strategy had been promoted by federal development agencies to rural areas with high underemployment in the Southeast. In 1957, fifteen county businessmen formed an industrial commission and embarked on a three-year industrial recruitment process that involved preparing an economic development plan, securing government grants and loans, and upgrading roads and utilities. They marketed the county’s

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169 These agencies included the Tennessee Valley Authority, the Area Redevelopment Administration, and the Appalachian Regional Commission.
low-cost, non-unionized labor force, low tax rates, and incentives (a new industrial building) to 2,500 manufacturers.

The first apparel factory came in 1960 and moved into the new industrial building shortly thereafter. Another apparel plant came in the 1960s and by 1980 six apparel plants and three textile plants had located there (and TAC was among them). At the height of this industrialized period (circa 1975-1985), employment in these apparel and textile factories ranged from 1,500 to 2,000 workers and accounted for one-third of the employment in the county (Tennessee Department of Economic and Community Development, 1986; U.S. Bureau of the Census, 1972 & 1983).

**Impacts of the Apparel and Textile Industries on the County’s Employment and Economy**

*Major Shifts in Sectoral Employment and Women’s Labor Force Participation*

The rapid growth in apparel and textile employment completely changed the sectoral composition of the county’s employment. In 1960, 43.7% of the county’s employment was in agriculture and 12.8% was in manufacturing. During the period from 1960 to 1980 startling numbers left agriculture (some of them were returning out-migrants) and went to work in the factories. By 1980, only 7.4% of employment was in agriculture. During the decade from 1970 to 1980, 48% of the county’s employment was in manufacturing, and 70% of those in manufacturing worked in the apparel and textile industries (see Table 5.7). Many workers dropped out of high school to work in the factories since there were few other opportunities that paid as well.

Women’s employment changed most dramatically. By 1970, 52.6% of all the women employed in the county worked in the apparel and textile industries. Their total labor force participation grew from 14.8% in 1960 to 47.0% in 1980. During this same period, their share of manufacturing employment grew from 19.3% to 55.1% (see Tables 5.7 & 5.10).

*Slight Improvements in Economic Indicators*

Although the county’s economy remained distressed, several of the county’s economic indicators improved remarkably in one decade due to the changes in its employment situation. Its poverty rate fell from 62.7% in 1960 to 32.8% in 1970 and its
unemployment rate of 4.5% was almost equal to the U.S. average (and this has not been the case since then). Its per capita market income as a percent of the U.S. average reached its highest level in 1980 at 52.8% and has fallen each decade since then (see Table 5.5).

**The Impact of the Apparel and Textile Industries’ Departures**

TAC arrived in the middle of the industrialized period in 1979 after it bought out another apparel firm that was leaving the county. It was known for its higher wages and excellent benefits and became the favored place to work. Many got jobs there through family members who worked there and after having worked at other factories. It became the largest employer in the county in less than a decade after a textile factory left the county in 1988. When the textile manufacturer left, about 700 jobs were lost (a third of the manufacturing jobs in the county). In the past, a few smaller apparel and textile plants had come and gone, but new ones had usually replaced them. However, the departure of the textile plant heralded the beginning of a deindustrialization trend for the county.

After the passage of NAFTA in 1993, the apparel and textile industries were able to restructure their production and distribution systems because free-trade agreements permitted them to relocate to specific foreign countries with cheaper labor and import their production back into the U.S. without tariffs. TAC pulled all of its production out of the U.S between 1999 and 2001 after losing most of its market share to other apparel manufacturers who had already left the U.S. some years earlier. It had been unable to reduce its labor costs to compete so it closed over a dozen of its facilities and moved production to Mexico. The Grant City plant was closed as part of this restructuring in 1999. Within a span of five years (1996-2001) the county lost four large apparel plants and only a textile manufacturer remained. In 2001, the county’s employed workforce hit a 10-year low at 6,240 (for the period 1994-2003) (Tennessee Department of Labor and Workforce Development, 2007a). By 2008, there were only 22 manufacturing firms in the county that employed a total of 700 people and nearly half of those worked at the one remaining textile plant (Tennessee Department of Labor and Workforce Development, 2009). A state prison that came to the county in the early 1990s is now the largest employer with about 500 employees and has become the preferred place of employment in the county because of its job security and
benefits.

**The Bifurcation of Men’s and Women’s Employment**

The impact of these departures devastated the county’s economy. It had, once again, lost its comparative advantage and would no longer be able to compete based on low-skill labor for low-technology manufacturing. From 1980 to 2000, manufacturing’s share of employment fell from 48.4% to 29.4% (see Table 5.7). However, after 1990, women’s and men’s employment shifted into very different sectors. By the year 2000, men outnumbered women in the county’s manufacturing jobs by 2 to 1 and were working in smaller wood and metal processing factories in the county; many were driving to jobs outside the county in greater numbers than women. Men also held 95% of the jobs in the rapidly expanding construction industry which now accounts for 18.9% of the county’s employment. In the year 2000, thirty-four percent of the county’s employed men worked in construction where average wages are above those in manufacturing (an increase from 11% in 1980). The employment growth in this industry is partly due to an influx of retirees and vacation home owners who are building new houses and to the addition of a building trades vocational program at the county high school.

**Women Experience Greater Wage Losses**

Women were displaced in larger numbers by the closing of the apparel and textile plants. They generally have not moved into higher-wage industries because most of the job growth has been in lower-paying jobs. In the year 2000, three sectors (retail trade, services, and government) accounted for 78.8% percent of women’s employment (an increase from 28.6% in 1980) (see Table 5.7). They are concentrated in retail trade and personal services where average wages are much less than in manufacturing in the county, and in medical and health-related services where average wages are similar (see Table 5.12).

**Men’s Labor Force Participation Hits Low-point**

As the county deindustrialized, total labor force participation fell from 55.0% to 47.0% from 1990 to 2000 which was 16.9% below the U.S. rate (the same gap that existed in 1960). Women’s participation rates remained stable from 1980 to 2000 at approximately 46%. However, men’s rates fell dramatically from 64.2% in 1980 to 47.9% in 2000 (see
Table 5.10, and this was its lowest point over a six decade period (from 1940 to 2000). Thus, these shifts have completed the feminization of the county’s labor force that began with the arrival of the apparel and textile factories. With this has come a loss in average annual wages and job security and benefits.

**Economic Distress Increases**

The county’s economy remained distressed in 2000 (see Table 5.5). While its poverty rate had fallen to 22.6% (the lowest since 1960), this was still 1.8 times the U.S. rate. Its unemployment rate jumped to 17% in 1999 just after TACs’ departure but in 2000 it was 8.8% (1.9 times the U.S. rate). During that year, many of the displaced TAC workers were not looking for work because they were still receiving monthly severance pay or were in retraining programs. However, the county’s per capita market income was only 34.3% of the U.S. average which was the lowest it has been in any decade during the period from 1960 to 2000.

**VI SIONS AND STRATEGIES FOR POST-INDUSTRIAL REDEVELOPMENT IN ALONGWAYS COUNTY**

Research question 3 asked what visions major county stakeholders (government officials, educators, and apparel workers) had of the county’s post-industrial economic development, what economic and training strategies were employed in an attempt to bring about such a future, and what implicit or explicit theories of education and rural economic development they embodied. I examined the county’s long-range adjustment strategy through interviews with the major stakeholders and numerous documents for the period from 1999 until the present. My findings are summarized below.

**The Long-Range Economic Development Strategy**

Shortly after the departure of TAC in 1999, some of the county’s leaders and residents, in partnership with several public and private entities, formed a development committee and engaged in a strategic planning process to envision its economic future. During next year they developed a long-range economic development strategy that was
focused on shifting the county’s employment base toward more diversified employment and away from its dependence on low-skill manufacturing. The plan noted the need to find new development models that were more sustainable (Alongways County Development Committee, 2001). The county received unprecedented financial assistance in this process to help fund its efforts from public and private sources.

_Visions of Economic Redevelopment_

The strategic plan and the county’s subsequent redevelopment efforts focused on the following areas that were based on successful models in use in nearby counties and states: 1) recruitment of new manufacturing; 2) the development of local micro-enterprise service firms and niche agriculture businesses; 3) promotion and development of tourism based on eco-tourism, outdoor recreation, and vacation properties; 4) high-end real estate development marketed toward vacation home owners and out-of-state retirees; 5) communications technology improvements including wireless, high-speed internet, and upgraded telephone services, and improved road access to industrial sites; and 6) increases in educational attainment and skills levels of its workforce.

_Efforts and Outcomes_

Real estate and tourism efforts were being pursued almost entirely by private interests and among the displaced workers I interviewed there was resentment toward outside developers and locals who were pushing these efforts. As of 2009, the county’s potential as a tourist destination has barely been tapped. Many of its residents do not want these kinds of jobs because the pay is low and the work is seasonal; still many county officials see this as a growth industry for the future. This same split is true for the real estate development industry. Those who favor its growth tend to be those who will benefit financially from it while the displaced workers see few benefits in this growth for them other than new jobs in construction.

From officials I interviewed, it appeared that most of the county’s efforts were focused on areas 1, 2, 5, and 6. As of mid-2008, the county had made little progress in recruiting new industry to the county and the county executive noted his regrets about this in his announcement that he would not run for re-election when his term ends in late 2009.
A small business support center that was funded through federal grants was opened in May of 2000 with a three-person staff and it provided training, technical, and lending assistance, and clients could use its small office cubicles, a computer, fax machine, and printer. By summer of 2003, it had advised over a hundred clients but only nine had received loans (of up to $10,000) and about 25% had actually started businesses. However, in one of his many other roles, the center director had made progress in obtaining grant funding for communications technology improvements and these were being implemented in 2009. Also a road access project to an industrial site was finally completed in summer of 2009.

Some displaced TAC workers received $6,000 grants for micro-enterprise start-ups as part of their severance packages, and seventeen workers I interviewed had received these, but none mentioned having used this center’s services. Only seven of them were involved in some aspect of running a part-time business in 2003. Four of these were still in operation in 2008 but only one was able to fully support herself from running her business. It appeared that many lacked access to additional capital or the expertise to succeed in these endeavors.

The Human Capital Approach to Workforce Training

The County’s Goal

In the county’s strategic plan, the county had outlined its workforce development goal. It was to provide workforce education to improve the quality of the labor pool so it could “attract higher-quality employers” that would provide jobs in high-end services, healthcare, tourism, and production industries, and that attention should be given to “matching educational preparation with potential business development” (Alongways County Development Committee, 2001, p. 28-29). The county’s plan proposed increasing post-secondary education opportunities to enhance the skills of its workforce and to provide some of this locally.

These efforts had been spurred, in part, by the need to retrain nearly 500 displaced TAC workers. They were eligible for federal workforce education and training assistance and wanted to take classes locally. With financial assistance from the TAC foundation and the regional Workforce Investment Board, the county was able to open a small education
center with two classrooms in Grant City in spring of 2001 and hire a full-time workforce development education facilitator (funded on an 18 month grant).

**The Education Providers’ Goals**

A state vocation training school and an in-state community college offered four or five courses per semester toward specific occupational certifications or two-year degree programs that were approved under federal- and state-funded workforce training programs. Alongways County students were also able to enter qualified programs at near in-state rates at a nearby community college in another state. These education institutions’ mission statements were explicit about their purposes. They were oriented toward workforce training for occupations in which there was regional demand, or to meet increasing demands for technicians and paraprofessionals, or to retrain workers with new skills for the present job market.

**The Workforce Training Agency’s Goal**

In addition, the administrative agency of the workforce training board assisted in advising, screening, and enrolling workers in specific occupational programs. They had to balance the needs and readiness of these new students with the goals of the programs. However, as certified providers of federal workforce programs and as the local administrative body that oversaw and delivered program services, it appears these entities were tied to the intent of the programs and meeting the needs of the employers, while hoping the workers would find jobs after completing their training.

**Dominant Theories Embodied in the Workforce Development Strategy**

My analysis of federal workforce programs for displaced workers in Chapter 4 locates the ideology and approach as firmly rooted in human capital theory. The problem of structural unemployment is blamed on the education and skills deficits of the workers and the remedy for them and their communities is short-term occupational retraining with skills for in-demand jobs in regional labor markets. These training programs are aimed at quickly moving displaced workers back into employment at higher earnings in growth sectors of the economy by correcting their education deficiencies or mismatched skills in a cost efficient manner (U.S. Department of Labor, 1995; U.S. Department of Labor Employment and
Thus, it should not have been surprising to find the vocational training center’s recruitment poster on the wall of the Alongways County education center that proclaimed “Learn to Earn” (see Figure 1). After all, Department of Labor Secretary Robert Reich had advocated for the human capital approach to workforce training in stating that permanent job loss and long-term unemployment were “symptoms of structural change in the economy…that involve the increasing importance of skills, a shift in favor of workers with high-level skills and against those without them. More than ever, what you earn depends on what you learn” (U.S. Congress, 1994, p. 4).

Thus, it appears that the goals of government workforce programs, the county, the regional workforce agency, and the education providers were, not by chance, in complete alignment and in keeping with the theoretical spirit of human capital theory. The county adopted this supply-side strategy believing that the retrained workforce could be a magnet that would attract job growth in higher paying sectors and would generate sufficient economic growth and recovery for its economy.

THE IMPACT OF THE WORKFORCE EDUCATION AND TRAINING PROGRAMS ON THE DISPLACED WORKERS

Research question 4 asked what kinds of education and training the displaced TAC workers (the targeted group) actually received and what impact, if any, the training seemed to have on them and their post-TAC employment. I examined documents from the workforce administrative agency that placed former TAC workers into training programs and I found that 22 former TAC workers (out of 35 interviewed) took some type of education or training through federally-sponsored programs and three took other training programs.

The workforce administrative agency provided a listing of the kinds of training taken by 242 workers (out of 434 it assisted). Forty-eight enrolled in GED preparation programs, 114 took clerical office training, 61 entered licensed practical nursing programs, and the
remaining 19 enrolled in one of the following: electrician or welder training, computer technology, human services, childhood development, criminal justice, pharmacy technologist, or phlebotomy. These programs ranged in length from a few months to 2 years.

Twenty-two women I interviewed took federally sponsored training. Five took a brief computer class oriented toward teaching first-time computer users. Two of these also obtained a GED. In 2003, four were working in part-time jobs as desk clerks in small retail or service businesses or as bank-tellers and one was unemployed. In 2008, three of the four who were employed were still in the same jobs.

Seven took one-year programs in clerical office programs. One was a desk clerk in a small service business, four worked in clerical office jobs at a transportation firm, one worked at as a receptionist at a medical office. One other had decided to also take a 3-month
pharmacy tech program and was working at a local pharmacy. All seven women were still working at the same jobs in 2008. Of the eleven employed women in these two groups, all but the medical office clerk had gotten their jobs through personal networks (e.g., friends or family).

Five women took two-year clerical office programs and earned Associates of Science degrees. Two worked full-time. One worked for an attorney and the other for an insurance office, and both had gotten jobs through personal networks. Another worked part-time for a medical office clinic and she had been hired based on her employment application. All three were at the same jobs in 2008. The other two were working in jobs unrelated to their training. One worked full-time at a juvenile detention center and the other worked part-time at a community center and both were quite frustrated. In 2008, the community center employee had gone to work at a factory and the employment of the other was unknown.

Two women who had earned Associates degrees in human and social services were working in their areas of training in 2003. By 2008, one had taken a job in a factory in another state and the other had earned her Bachelors degree in Criminal Justice and was working as a probation officer, and she obtained her jobs through personal networks. Three others had completed a one-year program in licensed practical nursing and then did a year of clinical training at out-of-county hospitals. Each was hired by those hospitals afterward. Two of them then went on to earn Bachelor of Nursing degrees and in 2008 were working at the medical clinic in Alongways County.

Three others took brief training courses to run service businesses that were not through federal program. One who took decorative art instruction was unemployed in 2008. Two others were using that training to run part-time businesses (a beauty shop and a precision tool-sharpening shop). Both had been able to draw retirement when TAC closed and were supplementing their retirement incomes with these businesses that they were still operating in 2008.

In total, of the twenty-five who took some education or training, 16 were working in areas related to their training in 2003 and 15 were still working in related areas in 2008. Seventeen of the twenty-five were employed in the same jobs in 2008. Only those with
nursing degrees in 2003 reported that they were earning wages or benefits that were as good as or better than at TAC. This was not surprising as the average job tenure for the 35 workers I interviewed was 15 years and annual pay for a sewing worker with just six months service was $8.88 per hour. The regional office of the workforce training agency’s records indicated that of 112 former TAC workers who completed federally-sponsored training programs in 2002, 90% had found jobs and the average wage was $8.28 per hour. She remarked that this was “a good wage for work in Alongways County”, but clearly it was below that the more experienced workers had been earning at TAC.

Analysis of the Impacts

Thus my findings seem to be consistent with those in studies reviewed in Chapter 4. Micro-enterprise employment generally did not replace prior earnings of displaced workers and few were successful at it. The TAC workers also fit the profile of workers who have the greatest job losses (i.e., less likely to be reemployed, jobless longer, and substantial earnings losses of 20% or more): women, older workers, blue-collar workers who lost jobs due to a plant closure, workers with a high school education or less, and workers with job tenures of 10 years or more. Those who were reemployed in non-professional jobs in the service sector had greater earnings losses and nearly all the workers I interviewed were working in these kinds of jobs. Occupational training tended to be concentrated in clerical and medical services and few were able to replace their lost earnings.

It appears that while some individuals have earned post-secondary credentials, and have increased their skills, they still lag behind in the race for higher credentials and have not seen much, if any, increases in earnings. The women, in particular, were retrained for occupations in female dominated fields (i.e., pink-collar clerical jobs) which pay less than what they were making in manufacturing. Those who were trained for professional medical jobs (the nurses) are competing for very few jobs in the county because there is still no hospital. The job growth in medical occupations that is occurring in the surrounding region is not occurring in the county at the same rate. Those who must go outside the county to find work often lack the necessary social networks to get the jobs they have been trained to do, and social networking was the way almost all had gotten jobs.
FACTORS CONTRIBUTING TO THE IMPACT OF TRAINING STRATEGIES ON THE WORKERS AND COUNTY

Research question 5 asked what factors seemed to explain the perceived impact of these training strategies on the post-TAC employment of laid-off workers and on the county’s economy.

Overall, the efforts in Alongways County to develop an economic adjustment strategy that included workforce development via post-secondary educational opportunities were undertaken with professional, technical, and financial support from private and public sources that were unprecedented in the county’s history. The displaced TAC employees, in particular, were positioned to have more funding and more educational opportunities than any previous group of displaced workers in the county.

In Chapters 5 and 6, I described and analyzed factors that contributed to worker and economic marginalization and how these education efforts affected the situation of the county and the displaced workers. Prior to the plant closure they were relatively marginalized laborers in terms of their employment histories in low-skill manufacturing, their low education levels and socio-economic statuses, their subordinate gender statuses (90% women), and their location in a geographically and economically peripheral region of the U.S. In addition, the local and global labor markets which shape their employment opportunities had changed substantially with the deindustrialization of their community and the global restructuring of labor. My study has examined how these local and global forces present obstacles to economic development and human empowerment, notwithstanding the education opportunities that were made available.

First, I found that the factors associated with marginalization of the county and its workers remained. The county is still quite dependent on low-skill, low-wage manufacturing and is growing more dependent on the low-wage service sector for its employment base. It remains a peripheral economy in relation to the surrounding region and the global economy. It is still relatively isolated geographically and lacks the necessary infrastructure (better
roads, communications technologies, and public utility improvements) to attract high
technology industries. It also remains highly dependent on outside sources of non-recurring
revenues such as grants and revenue-sharing from the state and federal government to fund
basic services, and to fund education in particular.

The county also remains relatively worse off in terms of many economic measures
including its per capita incomes, and its poverty and unemployment rates. The continuing
brain drain of its educated youth combined with population growth in those ages 65 and
older will likely add to this problem.

The county’s educational attainment rates are still relatively low in relation to other
regions and the U.S. as a whole. Thus, the county’s labor force still lacks the higher levels
of education needed to compete in regional labor markets for better jobs and to attract new
knowledge-based industries. In addition, very few men took retraining or additional
education and their labor force participation rates have decreased over the last decade. The
county’s labor force participation rates are still relatively low and more of its employed
residents are working outside the county and state because new employment opportunities
have not been attractive or sufficient enough to offer them sustainable livelihoods. The
higher wage manufacturing jobs that existed in the past are being replaced by service sector
jobs that are part-time, lower-wage jobs with no benefits.

Second, the workers’ socialized identities (class, gender, age, and rurality), as well as
program constraints, were barriers that affected the kinds of education that were offered and
chosen by the workers. Women were trained in clerical jobs, nursing, and social work.
Thus, their training resulted in occupational stratification by gender and class and
reproduced their subordinate social statuses.

Third, there was a cultural aversion to change, and this was particularly so among
older members of the community, and they were the fastest growing segment of the
population of the county. In addition, they held control over the county government. Many I
interviewed mentioned this and one worker concluded that the culture of the community was
one of resisting change --even if it was change that might improve a situation.

Fourth, despite programs designed to foster start-up businesses, few were able to
start and maintain businesses that would sustain them as a primary means of employment. The few successful business owners tended to be those with prior experience in their business area (e.g., the tool sharpener and the owner of the Thai restaurant).

Fifth, brain drain in the county is a continuing problem as college-educated youth go elsewhere to live and work. Most respondents said if their children took any post-secondary education then they would have to leave the county to find work, and thus many county residents expressed mixed feelings about the need for, or the desirability of, youth obtaining post-secondary education.

And six, efforts to offer post-secondary education in the county ended soon after the displaced workers finished their programs and grant funding was exhausted. There was no sustained plan to provide funding for personnel or programs to continue the momentum that existed from 2000 to 2003 or to change long held attitudes about the need for broader education opportunities in the county.

In conclusion, I found that these workforce training programs had little impact on reducing the factors that were contributing to the marginalized situations of the county or the workers.

**THEORETICALLY INFORMED EXPLANATIONS OF THE COUNTY’S SITUATION**

As described in Chapters 5 and 6, the county’s economy closely resembles that of a peripheral region in a world-economy as theorized by dependency and world-systems theorists (Frank, 1978; Wallerstein, 1973). Its pre-industrial economy was based on subsistence agriculture and the export of agricultural cash crops, natural resources, and out-migrant labor. To the limited extent that it was integrated into the world-economy during this period, its role was to provide core regions with low-value primary products made using cheap, low-skill labor. Consequently, a net outflow of surplus capital from the county to these core regions contributed to its low rate of capital accumulation and its underdevelopment during this period.
The county’s industrialization came after its comparative advantage in primary products declined due to excessive extraction, changes in production technologies, and shifts in capital investment patterns from agriculture to low-technology manufacturing. Mature industries in capitalist economies eventually seek new labor-saving technologies and locations from which they can extract surplus capital, and the apparel and textile industries that came to the Southeast U.S. from the Northeast U.S. were pursuing new sources of low-cost labor.

In keeping with national and regional development policy, the county was socially constructed as a site of capital accumulation for low-technology manufacturing and was fully integrated into the shifting world-economy as a peripheral region with a comparative advantage in low-cost, low-skill labor. Although there was some rural to urban migration of its population during from 1930 to 1960, its workforce was largely “modernized” by a major shift from agriculture (the traditional sector) to manufacturing (the modern sector) in the 1960s. Alongways County became highly dependent on outside industry for its employment which was highly concentrated in the apparel and textile industries, and this further contributed to the county’s relative state of underdevelopment and to the social construction of its workforce as low-skill, working-class laborers. This occurred with the assistance of the local elite who were actively involved in the recruitment and appeasement of these industries and they benefited as landholders and financiers with the means to invest selectively in sectors that would benefit them (especially in real estate for business development). They maintained control of the local political arena and kept property taxes low while education and basic infrastructure needs went unfunded.

As the county deindustrialized, its leaders blamed its inability to attract new high-technology manufacturing or knowledge-based service industries on the deficient education levels and work skills of its workforce. After this shift, they turned to another familiar development strategy: human capital investments in workforce skills, the dominant approach favored by neoliberal modernizationists in the late 20th century. At the same time, the county was becoming more dependent on federal and state governments for basic operating revenues and for funding for its workforce development and economic
redevelopment efforts.

Thus, the county kept repeating its reactionary cycle from its pre-industrial period throughout its industrialized and deindustrialized periods. As major shifts occurred in its comparative advantage and in its role as a site for surplus capital extraction, it turned to mainstream development strategies to rejuvenate its economy: cash crops, then low-technology manufacturing, and now human capital strategies. However there is little evidence that increased human capital in the county’s workers has been able to keep or attract new sources of employment and this is an inherent weakness of this strategy. Over the three eras examined, the county residents’ educational attainment rose dramatically (see Table 5.14) and as one TAC management member noted, the county’s factory workers were known for their high productivity and quality work. However, these increases in human capital could not keep the apparel and textile manufacturers from leaving in search of new and cheaper sources of low-cost labor in foreign countries. In addition, the new education and retraining of the displaced workers has attracted few new jobs at higher wages, nor has it changed the county’s economically distressed status.

THEORETICAL IMPLICATIONS OF THE STUDY

The findings in this study challenge the human capital approach to worker education and training as a community redevelopment strategy. This approach is based on the premise that giving workers new skills will make them more competitive in labor markets, and the increased supply of more educated workers will generate demand and attract employers who will create a sufficient number of jobs to generate economic growth and economic recovery for deindustrialized communities. The findings in my study do not support this premise. My findings are consistent with and bolster those found by the U.S. General Accounting Office studies and other studies discussed in Chapter 4 (Kletzer, 2001; U.S. General Accounting Office, 2000 & 2001b). They found that the kind of short-term training given to displaced workers under a human capital-based program is unlikely to prepare them for better jobs, and these training strategies do not enable communities to overcome their long-
term structural adjustment problems. My study of Alongways County revealed similar failings of this kind of strategy.

My findings also lend support to some of the critiques of the human capital approach that I outline in Chapters 2 and 4. Specifically, my findings support six critiques. First, a major weakness of this approach is its failure to create jobs. The approach is based upon the premise that an increase in the supply of skilled workers will generate a demand for their skills. However, this depends on employers creating the right number and kinds of jobs in the right location at the right time (Carnoy, 1977). In fact, when jobs are created, they often pay less than the ones that were lost and are not in sufficient numbers to replace the massive job losses that have occurred at a single location (Rosen, H., 2002).

Demand is created by employers who are acting to minimize costs and maximize control over labor. Marx (1887/1999) held that the owners of capital are operating from a position of greater power because they control the means of production. Thus, employers have more power to determine what kinds of jobs are created, how those jobs are structured, and where they are located. As was evident in my study and discussed in Chapter 2, capital travels to where it can accumulate surplus profits, and the number of potential markets that can be exploited has been greatly expanded with the integration of more regions of the world into the global economy (Barber, 2001; Carnoy, 2000; Dicken, 2000; Peck, 1996). This cycle of capital flight occurred several times in a 60-year period in Alongways County, adding further credence to the critique that increasing workers’ skills, on its own, is insufficient to attract and retain capital investments nor does it provide marginalized areas and groups with access to the capital that is needed to change their situations.

Second, my study supports political economy theories of how labor is allocated into different segments of the labor market. These theories hold that workers are not allocated into one competitive market based on their skills and productivity. Instead, there are multiple segments and multiple factors and process that determine allocation into tiered segments, including one’s class, race, gender, social norms, socialization, hiring, and labor control practices, and credentialing requirements (Collins, 1979; Doeringer & Piore, 1971; Reich, Gordon, & Edwards, 1973; Peck, 1996). As my study confirms, social norms
dictated expectations about appropriate jobs for women, who were then tracked into lower-paying, female-dominated occupations in the service sectors. Even though some workers in my study obtained two-year degrees, they were still relegated into the lower-tier, pink collar service jobs in the restructured primary sector (Gittleman and Howell, 1995).

Third, my study validates reproduction theories of education regarding how an individual’s status as a laborer is reproduced. Reproduction theories of education stress that an individual’s status as a laborer is incorporated into his or her larger identity and thus one becomes complicit in reproducing his or her status. Willis (1977) found that students from working-class families rejected the knowledges of the elite- and middle-classes in high school and this contributed to them being tracked into vocational programs and lower-status jobs after high school. My study supports this in finding that many of the workers dropped out of high school with the expectation that they would become factory workers. They accepted this as their destiny due to the expectations they had internalized from others. “Marvin” is representative of many men in the county who had been socialized to be “bread winners” for the family and who therefore rejected training because they felt social pressure to immediately find new employment. The rigidity of identity may also explain why at least two of the workers whom I interviewed returned to factory work after getting a two-year degree. Even the nurse who was able to get her Bachelor’s degree struggled with her socialized identity as a working-class person who lived in a trailer.

Fourth my study supports the finding that labor is still relatively mobile, as compared to capital: “For most workers, most of the time, where they are born and grow up continues to structure their labor market opportunities within local or national contexts” (Brown, P., 2001, p.26; see also Peck, 1996). This is particularly true for those in low-skill service jobs, which typically are obtained through highly localized networks of family and friends (Hanson & Pratt, 1992). My study revealed some of the ways in which mobility is constrained, both geographically and across job sectors, and this is especially so for older and female workers whose job options are limited by family responsibilities. Of the 25 workers interviewed who had taken retraining, seventeen were working at the same job in 2008 that they held in 2003. Of these 25, only two were working outside the county in
Fifth, my study supports state reproduction theories that stress how state policy plays an active role in restructuring and segmenting labor markets and the reallocation of workers into these new structures. Neoliberal policies that established free trade and opened new global markets directly contributed to the ability of transnational corporations to vertically integrate production and distribution systems, thus establishing a new international division of labor. These policies, and in particular NAFTA, played a crucial role in the departure of the apparel and textile industries from the county during the 1990s, and thus led to the dismantling of the local labor market.

At the local level, federally-sponsored workforce education and training programs for displaced workers are primarily delivered through vocational training institutions whose central purpose is to reproduce the workforce for restructured local labor markets (Aronowitz & Giroux, 1993; Carnoy & Levin, 1985). In Alongways County, this was achieved through a network of local and state initiatives that carried out federal workforce policy.

Sixth, my case study supports the critique raised by economic geographers that development options for any specific place are constrained by that place’s historic construction. As Storper and Walker (1989) note, local labor markets “outlive individual participants…and are sustained by generations of workers. The result is a fabric of distinctive, lasting local communities and cultures woven into the landscape of labor” (p. 157). In other words, places, as well as people, become associated with certain roles in the accumulation of capital (Massey, 1984), and these cannot easily be transformed, least of all by narrowly targeted policies designed to increase a region’s human capital.

Although the 2001 long-range economic strategy for Alongways County called for new development models, it specifically stated that the county should continue to recruit manufacturing. Indeed, the plan specifically highlights growth potential in value-added wood processing manufacturing using local timber, and this is where many of the men in the county who are working in manufacturing are now working. Although this is a slightly different strategy from that of raw timber extraction that was pursued in the 1930s, it
reproduces a commitment to low-skill manufacturing while also reproducing long-standing attitudes towards the county’s natural resources as economic inputs to be depleted over time. Although this is in contradiction to the other stated, but barely pursued, development goal of forest-based tourism, in this instance the strategy that had been pursued in the past (albeit with less than stellar results) was favored over new ideas that would have required new ways of constructing the community, its identity, and its workers.

**PRACTICAL AND POLICY IMPLICATIONS OF THE STUDY**

I conclude with a brief discussion of some implications of this study for education and workforce development policy, especially as applied to marginalized groups or areas, like Alongways County. As this dissertation has revealed, skills training programs alone cannot address structural factors or barriers related to workers’ socialized identities that are contributing to marginalization. These workforce programs prioritize the needs of regional employers over the needs of participants and they emphasize efficiency goals. These programs lack components that integrate academic and critical education with vocational skills training to meet equity goals. Thus they fail to address the unequal distribution of educational opportunities, jobs, and incomes. In addition, these programs are not designed to empower individuals to exercise agency or organize for change.

Given the failure of the human capital skills training approach in creating jobs, other strategies are needed. A number of scholars have suggested that new approaches must begin with changes to the structure of the underlying economy. For Lafer (2002), the job training paradigm, which assumes that the problem to be solved is a lack of skilled workers, should be replaced with one that addresses more fundamental structural problems in the economy: poverty and income inequality. Livingstone (1998) similarly asserts that training programs “remain utterly incapable of resolving the problem of underemployment” (p. 274).

Even these critics, however, acknowledge that education has a role in economic development. Surely, education cannot be abandoned as one pursues structural poverty-reduction strategies. Giloth (1998) proposes an alternative that maintains a commitment to
education while also addressing structural economic problems, what he calls “job-centered economic development”:

This eclectic group of strategies and projects combines education, human services, economic development, and employment training. It focuses on identifying and accessing good jobs, networking among employers, building career ladders, enabling job retention, and advocating policies in support of livable wage jobs. Although somewhat awkward, the term job-centered economic development underscores job outcomes, not simply economic adaptation, new business generation, job readiness, or workforce attachment. (pp. 2-3)

It remains to be seen whether expanded federal support for community colleges, initiated by the Obama administration, will be accompanied by policy changes that incorporate this job-centered economic development approach, including specific job-creation strategies, or whether the current programs will continue unchanged.

Secondly, community education can increase awareness about globalization and its impacts on workers and their communities. To participate in planning for their future, individuals in these communities must understand the changes that are occurring due to global economic processes, even if these processes are beyond their control. Without this awareness, they are likely to pursue strategies that do not fit with changed conditions.

To achieve this community education, it is crucial to work through and mobilize pre-existing grassroots groups, much as was done by the Highlander Center, in Ivanhoe, Virginia, a community in Appalachia where rural women were led through a conscientization process designed to “foster from apathy and silence an emergence of a community of outspoken, knowledgeable citizens who are demanding participation in the planning and direction of their community” (Hindsdale & Lewis, 1995, p. 1; see also, Fisher, 1993). Even in places like Alongways County, where there is little history of direct collective action, there are existing groups that have worked together to accomplish concrete goals (e.g., the Relay for Life cancer fundraising drive, the group that established the Animal Shelter), and these groups can form a starting point for engaging in collective visioning processes. Once a long-term visioning process begins it must involve a rethinking
of the goal of development. It is crucial that this process involve questioning the intended goals of development (i.e. what development means for them) and not merely focus on the immediate need of getting “more jobs” or more retail services, which were common themes brought up by my interviewees.

And finally, as residents re-conceive the notion of development and define it as having many different aspects, education similarly will need to be re-conceived to achieve multiple goals. Alternative goals of education, each of which is associated with a particular perspective on development, might include: 1) preparing workers with broader skills that are transferable to other occupations and prepare them for lifelong learning; 2) building a more sustainable economy that is less driven by outside forces; 3) developing the individual and collective capacity for self-determination; 4) overcoming age, gender, and class barriers; and 5) preparing residents to deal with change by being pro-active rather than reactive to it.

As Amartya Sen (1999) has written:

The benefits of education…exceed its role as human capital in commodity production. The broader human-capability perspective would note – and value – these additional roles as well….This is because human beings are not merely means of production, but also the end of the exercise (pp. 294, 296-296).

In short, instead of training individuals to simply be workers, education – including for adults – needs to be devoted to training individuals to be socially and politically involved human beings. And this is the first step toward redeveloping a community.
APPENDIX A

PARTICIPANT RECRUITMENT TOOLS
Donna Hall is a graduate student living in [Grant City] who is doing research in the areas of rural worker education and economic development for her doctoral degree in education. She was raised in [a nearby] County, Tennessee. She is seeking to interview former employees of the [Grant City TAC] plant about their experiences related to education, training, and employment since the plant closure and those who have started their own businesses since the plant closure. Even if you did not go back to school or participate in any retraining, she is interested in talking to you. Participation is totally voluntary and all information will be kept strictly confidential (your identity will be disguised in her written report). She expects a typical interview session will last about 1 hour and she wishes to schedule interviews during the months of June, July, and August. She can be flexible on scheduling a meeting time and place that is most convenient for you.

If you are willing to participate, or you have more questions about this study, please call Donna or leave her a message at [telephone number]. If you leave a message please state your name, your telephone number, and a best time that she can call you back, and say you are calling about her research study. If you use e-mail, you may contact her at this e-mail address: xxx

If you know someone else who might be willing to participate in her study, please pass this message along to him or her.

After contacting the manager of the local radio station, I sent this letter to local radio station for announcement to recruit participants:

Date: 06/09/2003
To: [Manager of local radio station]
From: Donna Hall, tel. [telephone number]
Re: Text for Public Service Announcement

Hello [manager’s name],

Thank you so much for your help in running this PSA for me. See the text below for the announcement.

Donna

Donna Hall is a graduate student living in [Grant City] who is doing a research study on rural worker education. She is seeking to interview former employees of the [TAC] plant about their experiences related to education, training, and employment since the plant closure. If you are willing to participate, or you have more questions about this study, please call Donna or leave her a message at [telephone number].
APPENDIX B

HUMAN SUBJECTS APPROVAL LETTERS AND APPLICATION
Office of the Vice President
For Research
Tallahassee, Florida 32306-2763
(850) 644-8673 · FAX (850) 644-4392

APPROVAL MEMORANDUM
Human Subjects Committee

Date: 5/10/2003

Donna J. Hall

Dept.: Educational Leadership & Policy Studies

From: David Quadagno, Chair

Re: Use of Human Subjects in Research
Worker Education and the Marginalization of Women Apparel Workers in Rural Appalachia

The forms that you submitted to this office in regard to the use of human subjects in the proposal referenced above have been reviewed by the Secretary, the Chair, and two members of the Human Subjects Committee. Your project is determined to be exempt per 45 CFR § 46.101(b) 2 and has been approved by an accelerated review process.

The Human Subjects Committee has not evaluated your proposal for scientific merit, except to weigh the risk to the human participants and the aspects of the proposal related to potential risk and benefit. This approval does not replace any departmental or other approvals, which may be required.

If the project has not been completed by 5/15/2004 you must request renewed approval for continuation of the project.

You are advised that any change in protocol in this project must be approved by resubmission of the project to the Committee for approval. Also, the principal investigator must promptly report, in writing, any unexpected problems causing risks to research subjects or others.

By copy of this memorandum, the chairman of your department and/or your major professor is reminded that he/she is responsible for being informed concerning research projects involving human subjects in the department, and should review protocols of such investigations as often as needed to insure that the project is being conducted in compliance with our institution and with DHHS regulations.

This institution has an Assurance on file with the Office for Protection from Research Risks. The Assurance Number is IRB00000446.

Cc: Steve Klees
HSC No. 2003.258
REAPPROVAL MEMORANDUM

Date: 4/16/2009

To: Donna J. Hall

Dept.: EDUCATIONAL LEADERSHIP

From: Thomas L. Jacobson, Chair

Re: Reapproval of Use of Human subjects in Research:
    Worker Education and the Marginalization of Women Apparel Workers in Rural Appalachia

Your request to continue the research project listed above involving human subjects has been approved by the Human Subjects Committee. If your project has not been completed by 4/15/2010 please request renewed approval.

You are reminded that a change in protocol in this project must be approved by resubmission of the project to the Committee for approval. Also, the principal investigator must report to the Chair promptly, and in writing, any unanticipated problems involving risks to subjects or others.

By copy of this memorandum, the Chairman of your department and/or your major professor are reminded of their responsibility for being informed concerning research projects involving human subjects in their department. They are advised to review the protocols of such investigations as often as necessary to insure that the project is being conducted in compliance with our institution and with DHHS regulations.

Cc: Steve Klees
    HSC No. 2009.0346-R
The Federal Government and University policy require that the use of human subjects in research be monitored by the Institutional Review Board (IRB). The following information must be provided when humans are used in research studies, whether internally funded, extramurally funded or unfunded. Research in which humans are used may not be performed in the absence of IRB approval.

PLEASE COMPLETE AND SUBMIT PAGES 1 AND 2 plus YOUR ANSWERS TO THE QUESTIONS (on page 3) in typewritten form to: HUMAN SUBJECTS COMMITTEE, Mail Code 2763, or 2035 E. Paul Dirac Drive, Box 15 100 Sliger Bldg., Innovation Park Tallahassee, FL 32310

Researcher: Donna J. Hall Date: 04/24/2003
Project Title: Worker Education and the Marginalization of Women Apparel Workers in Rural Appalachia
Project Period (starting/ending dates): 06/15/2003 to 06/14/2004
Position in University (faculty, etc.) If student, please indicate FSU Faculty Advisor: Doctoral Student; Dr. Steve Klees, Advisor
Department: Educational Leadership and Policy Studies – College of Education
Telephone: ___________ E-Mail Address: ___________
(where you can be reached in case of a problem with your application)
Mailing Address (where your approval will be mailed):

Donna J. Hall, Grant City, TN

Project is (please check one): _____ dissertation _____ teaching _____ thesis _____ other
Project is: _____ unfunded _____ funded (if funded, please complete the following):

Funding Agency (actual/potential): 1. ____________________ 2. ____________________

Contract/Grant No. (if applicable):

FOR EVALUATION OF YOUR PROJECT, PLEASE CHECK THE FOLLOWING WHICH APPLY:

- Mentally or Physically Challenged Subjects
- Children or Minor Subjects (under 18 years old)
- Prisoners, Parolees or Incarcerated Subjects
- Filming, Video or Audio Recording of Subjects
- Questionnaires or Survey(s) to be administered
- Review of Data Banks, Archives or Medical Records
- Subjects studied at FSU
- Subjects studied at non-FSU location(s)
- Students as Subjects
- Employees as Subjects
- Pregnant Subjects
- Fetal, placental or surgical pathology tissue(s)
Oral History

Subjects’ major language is not English

Involves Deception (if yes, fully describe at Question No. 7)

Exclusion of Women or Children Subjects (must explain why they are being excluded)

Involves Blood Samples (fingerpricks/venipuncture, etc.)

Subjects to be paid

Survey Techniques: Check applicable category if the only involvement of human subjects will be in one or more of the following categories:

- Research on normal educational practices in commonly accepted educational settings
- Research involving educational tests (cognitive, diagnostic, aptitude, achievement)
- Research involving survey or interview procedures (if checked, please see below)
- Research involving the collection or study of existing data, documents, records, specimens

If research involves use of survey or interview procedures to be performed, indicate:

1. Responses will be recorded in such a manner that human subjects cannot be identified, by persons other than the researcher, either directly or through identifiers linked to the subjects.
   - yes  no

2. Would subject’s responses, if they became known outside the research, reasonably place the subject at risk of criminal or civil liability or be damaging to the subject’s financial standing or employability.
   - yes  no

3. The research deals with sensitive aspects of the subject’s own behavior, such as illegal conduct, drug use, sexual behavior, or use of alcohol.
   - yes  no

Does Research Involve Greater Than Minimal Risk to Human Subjects?  yes  no

"Minimal Risk" means that the risks of harm anticipated in the proposed research are not greater, considering probability and magnitude, than those ordinarily encountered in daily life or during the performance of routine physical or psychological examinations or tests.

I HAVE READ THE FLORIDA STATE LETTER OF ASSURANCE FOR THE PROTECTION OF HUMAN SUBJECTS IN RESEARCH AND AGREE TO ABIDE BY IT. I ALSO AGREE TO REPORT ANY SIGNIFICANT AND RELEVANT CHANGES IN PROCEDURES AND INSTRUMENTS AS THEY RELATE TO SUBJECTS TO THE CHAIR, HUMAN SUBJECTS COMMITTEE, OFFICE OF RESEARCH.

RESEARCHER (signature)  (Date)

FSU FACULTY ADVISOR (signature)  (Date)

(Application will not be processed without Advisor’s signature)
QUESTIONS AND ANSWERS
FOR RESEARCH INVOLVING HUMAN SUBJECTS

1. Give a complete description of your research procedures as they relate to the use of human subjects.

   My research site will be in a rural county in Central Appalachia which has experienced rapid deindustrialization due to a series of manufacturing plant closings during the last decade. I intend to investigate the experiences and understandings of this situation and of various education initiatives from the perspectives of displaced former employees of a closed apparel plant and other relevant community members (see description of subjects below). I will conduct an applied research study using qualitative research methods. My methodology will include semi-structured, open-ended interviews of individual subjects (described below) and document analysis of related grant/funding proposals, mission statements, program agendas, news releases and other relevant related primary source document.

   Description of subjects:
   Former apparel plant employees (plant was closed four years ago)
   County government officials - former and current
   Regional university and community college adult program coordinators
   County and state economic and workforce development program staff
   Economic development consultants
   Foundation and grant institution representatives

   Number of participants: approximately 30-35

   Sex: Females and Males

   Ages: Approx. 20 years to 70 years

   Instructions given to Participants: Instructions/permissions will be provided in the written informed consent form. Please see attached copies of Verbal Script, Letter of Consent for Adults, and Letter of Release of Non-Public Documents.

   Activities in which subjects will participate: Individual semi-structured, open-ended interviews, approximately 1.0 to 1.5 hours in duration. Also, organizations and government agencies may be asked for copies and/or permission to access relevant primary source documents.

   Special Incentives: None

   Experimental Procedures: None
Sample questions for semi-structured, open-ended interviews:

*Sample questions for former apparel plant employees:*
Describe your education and work experience prior to working at the apparel plant.
What factors influenced your education decisions up to that point?
Before the plant closure, how do you believe that your educational background and work experience prepared you for employment? And since the plant closure?
Are you currently employed and if so, what kind of work are you doing?
What led you to that work?
How far do you have to travel to get to work?
What other kinds of work have you done since the plant closure, if any?
What led you to that work?
Why did you leave that work?
Describe any problems you have had or barriers you have encountered in getting work since the apparel plant closure.
Tell me about any forms of education or training you have participated in since your departure from the apparel plant?
Did you complete any degree/certification/training programs?
Did you enter into any degree/certification/training programs that you did not complete?
If so, why?
What influenced your decision to enter into that education or training program?
How do you think this education/training has prepared you for finding employment since the plant closure?
How has the following influenced your education and employment decisions?
   A) family
   B) community
   C) religious faith
   D) financial status
   E) other
      How do you think your experiences would have been different if you had:
      A) been a man/woman?
      B) been living in a less rural area?
      C) been single/married
      D) had children/had no children
      E) been younger (ask age)
      F) been older

*Sample questions for county/state government officials (current and former) and economic and workforce development program staff:*
What impact did the plant closure have on economic development plans for the county?
After the closing of the apparel plant, how has the county/state been involved in creating education and employment options for the displaced workers?
Describe any grants or programs that have occurred in relation to the plant closing or that are related to education and employment of these displaced workers.
What was the purpose/goals of these grants or programs and how successful do you think these were in accomplishing those purposes and goals?
What problems, if any, has the county/state identified in relation to placing the displaced apparel workers into new jobs or education/training programs.
What types, if any, of new businesses have come to the county since the closure of the apparel plant?
Describe the types of work that these former apparel plant employees have been doing since the plant closure.

Sample questions for regional university and community college adult program coordinators for the county:
Describe the types of programs your institution offers to adult students (ages 25 and above) at locations in this county.
How many former employees of the closed apparel plant have participated in your programs?
Did some of these former employees enter your programs at locations outside the county but remain residents of the county? If so, how many, and what types of programs did they enter and where were these programs located?
How many of the displaced apparel employees have completed degrees or other certifications?
Of those that completed programs, do you know what kinds of work they are doing now?
How many entered into programs but did not complete them and why do you think they dropped out?
What were some of the problems encountered by adult students in your programs (e.g., financial, distance from location, prior academic preparation, family conflicts, etc.)?

Sample questions for economic development consultants:
What organization was your employer and what role did you serve in that organization?
What was your intended role as a consultant to the county?
What goals were you trying to achieve for the county in that role?
How long did you serve in your consultant role to the county and what did you do actually do in that role?
Were you and the county able to agree on and accomplish the intended goals? Why or why not?

Sample questions for foundation and grant institution representatives:
What types and amounts of grants, awards, financial assistance or other support did your organization give to the county or individuals and why?
Was this support in relation to the closure of the apparel plant or in support of general education/training or economic development or other?
What was the purpose or intended goal of such support and does your organization know if these were met?
What does your organization consider the successes and failures in these specific situations and why?

*Sample questions for all subjects:*
What are the elements that you think should form the basis for a community development initiative and related adult education for this county?
What part of this do you think is already present and what is still lacking?

2. Have the risks involved been minimized and are they reasonable in relation to anticipated benefits of the research, if any, to the subjects and the importance of the knowledge that may reasonably be expected to result?

YES. Participation in this study is not expected to exceed minimal risk defined under IRB requirement 46.102(i) as “risks of harm anticipated in the proposed research are not greater, considering probability and magnitude, than those ordinarily encountered in daily life or during the performance of routine physical or psychological examinations or tests.”

What provisions have been made to insure that appropriate facilities and professional attention necessary for the health and safety of the subjects are available and will be utilized?
Interviews of individual subjects will be conducted in locations that are mutually agreeable to the researcher and each subject. The location will be chosen to ensure that privacy is provided and confidentiality is maintained. No threats to health and safety are anticipated.

3. Describe procedures to be used to obtain informed consent.
See attached copies of Verbal Script, Letter of Consent for Adults, and Letter of Release of Non-Public Documents and answer to 3.b. below.

Also, please answer the following (items a, b, & c):

(a) Who will be obtaining informed consent?
I, Donna J. Hall, the researcher.

(b) When will the subjects be asked to participate and sign the consent form?
I, the researcher, will present and read the written consent form to each subject prior to any participation in interviews or receipt of documents. At that time, I will answer any questions about the consent form or the research study. If the subject then agrees to be interviewed or provide access to documents, then he/she will be asked to sign the informed consent form and/or document request form.

(c) In using children, how will their assent be obtained?
No children or minors (under the age of 18 years) will be subjects in this research study.
4. Describe how potential subjects for the research project will be recruited. I intend to use purposeful sampling to select subjects that will provide information-rich cases and locate my subjects using snowball or chain sampling. Initially, I will locate key informants in the community who have personal knowledge about potential subjects and can introduce me or make personal contacts with subjects on my behalf. In this small community, this “snowball” sample of potential subjects should grow as initial contacts are made and this will allow me to form a chain of contacts to other potential subjects. At the point of initial contact, I will inform all potential subjects about the purpose of my study and the nature and extent of any activities that could involve their participation. See attached “Verbal Script.” This does not replace the written “Letter of Consent for Adults” – see answer to 3.b. above.

5. Will confidentiality of all subjects be maintained?
Yes, information obtained in this research study will remain confidential, to the extent allowed by law.

How will this be accomplished?
Every effort will be made to conceal names of subjects, organizations and agencies, geographic locations and other identifying information by the use of pseudonyms in the research study. Through careful presentation of the data, descriptions of individuals, locations, and organizations will be altered to sufficiently disguise them to others, but also to maintain the integrity of the substance of the data. Because the research is being conducted in a small community, it may be impossible to ensure that insiders will not recognize some subjects, particularly those who hold unique positions in the community. In those cases, the researcher will follow ethical guidelines of the American Anthropological Association and the Society for Applied Anthropology, which recommend that these subjects should be informed that confidentiality cannot be absolutely assured.

Please also specify what will be done with all audio and/or visual recordings, if applicable, pictures and personal documentation of subjects both during and after completion of the research.

These tapes will be kept by the researcher in a locked filing cabinet. Only the researcher will have access to them. They will destroyed by August 31, 2010.

6. Is the research area controversial and is there a possibility your project will generate public concern? If so, please explain.
No.

7. Describe the procedure to be used for subject debriefing at the end of the project. If you do not intend to provide debriefing, please explain.
I will provide a summary report of my analysis and conclusions including any policy recommendations to interested parties upon completion of this dissertation research. All subjects who request this information will be provided with permanent contact information for me (e-mail and telephone number).
Verbal Script

I am a graduate student under the direction of Professor Steve Klees in the Department of Educational Leadership and Policy Studies in the College of Education at Florida State University. I am conducting a dissertation research study to explore the experiences and understandings related to the education and retraining of the former workers of the (company name) apparel plant from the perspectives of the former employees and other relevant community members.

I am recruiting persons who are willing to be interviewed individually about this topic by me which will take approximately 1.0 to 1.5 hours. These interviews will be audio-tape recorded by me, the researcher. These tapes will be kept by the researcher in a locked filing cabinet. Only the researcher will have access to these tapes and these tapes will be destroyed by August 31, 2010.

Your participation in this study is voluntary. If you choose not to participate or to withdraw from the study at any time, there will be no penalty of any kind.

The foreseeable risks if you agree to participate in this research study are considered minimal and are not expected to cause harm or discomfort that exceeds that ordinarily encountered in daily life.

Although there may be no direct benefits to you, one possible benefit of your participation is an increased awareness of personal and institutional factors that influence the education and retraining of displaced workers and the opportunity to inform policy related to adult education.

Information obtained during the course of this study will remain confidential, to the extent allowed by law. The results of the research may be published, but your name will not be used. In order to protect confidentiality, every effort will be made to conceal names of individuals, organizations and agencies, geographic locations and other identifying information through the use of pseudonyms and fictitious place names in the written analysis of this research study. Through careful presentation of the data, descriptions of individuals, locations, and organizations will be altered to sufficiently disguise them to others, but also to maintain the integrity of the substance of the data. Because the research is being conducted in a small community, it may be impossible to ensure that insiders will not recognize some individuals, particularly those who hold unique positions in the community. In those cases, confidentiality cannot be absolutely assured.

If you have any questions concerning this research study, please contact me, Donna J. Hall, at tel. (xxx) xxx-xxxx or e-mail: XXXX or Dr. Steve Klees at tel. XXX or e-mail: XXX or the Florida State University Chair of the Human Subjects Committee, Institutional Review Board, through the Vice President for the Office of Research at tel. XXX.
Letter of Consent for Adults

I freely and voluntarily and without element of force or coercion, consent to be a participant in this dissertation research study being conducted by Donna J. Hall, a graduate student under the direction of Professor Steve Klees in the Department of Educational Leadership and Policy Studies in the College of Education at Florida State University.

I understand the purpose of this dissertation research study is to explore the experiences and understandings related to the education and retraining of the former workers of the (company name) apparel plant from the perspectives of the former employees and other relevant community members.

I understand that I will be asked to be interviewed individually about this topic by the researcher. The time commitment for this interview is expected to last approximately 1.0 to 1.5 hours.

I understand that the interview will be audio-tape recorded by the researcher for the purpose of ensuring accuracy and enabling the researcher to thoroughly analyze the data gathered in this interview. I understand that the audio tapes will be kept by the researcher in a locked filing cabinet at a secure location. Only the researcher will have access to these tapes and these tapes will be destroyed by August 31, 2010.

I understand my participation is totally voluntary and I may stop participation at anytime. If I choose not to participate or to withdraw from the study at any time, there will be no penalty of any kind.

I understand there is a possibility of a minimal level of risk involved if I agree to participate in this study. The foreseeable risks are not expected to cause harm or discomfort that exceeds that ordinarily encountered in daily life.

I understand that although there may be no direct benefits to me, one possible benefit of my participation is an increased awareness of personal and institutional factors that influence the education and retraining of displaced workers and the opportunity to inform policy related to adult education.

I understand that information obtained by the researcher during the course of this interview and this research study will remain confidential, to the extent allowed by law.

I understand that the results of this dissertation research may be published and I may be quoted, but my name will not be used.

I understand that the researcher will protect confidentiality, by concealing names of individuals, organizations and agencies, geographic locations and other identifying information through the use of pseudonyms and fictitious place names in the written analysis of this research study.

I understand that the researcher will carefully present any data such as descriptions of individuals, locations, and organizations to sufficiently disguise them to others, but also to maintain the integrity of the substance of the data.
I understand that because the research is being conducted in a small community, it may be impossible to ensure that insiders will not recognize some individuals, particularly those who hold unique positions in the community. In such situations, even though the researcher has taken the steps to protect confidentiality that are stated in the prior three paragraphs here, confidentiality cannot be absolutely assured.

I understand that this consent may be withdrawn at any time without prejudice, penalty or loss of benefits to which I am otherwise entitled. I have been given the right to ask and have answered any inquiry concerning the study. Questions, if any, have been answered to my satisfaction.

I understand that if I request a summary report of the analysis and conclusions of this research study, I will be provided one including any policy recommendations upon completion this dissertation research.

I understand that if have any questions concerning this research study or my rights, I may contact any of the following:

The researcher, Donna J. Hall, at tel. (xxx) xxx-xxxx or e-mail: xxx or Dr. Steve Klees, her dissertation advisor, at tel. XXX or e-mail: xxx or the Chair of the Human Subjects Committee at Florida State University, Institutional Review Board, through the Vice President for the Office of Research at tel. XXX.

_______________________             _____________________     _____________
Print name                                             Signature                         Date MM/DD/YY
Letter of Release for Non-Public Documents

I freely and voluntarily and without element of force or coercion, release __________________________________ (print document(s) name(s) in blank above)

and have the authority to release these documents for review and/or copying by Donna J. Hall, a graduate student under the direction of Professor Steve Klees in the Department of Educational Leadership and Policy Studies in the College of Education at Florida State University.

I understand the purpose of this dissertation research study is to explore the experiences and understandings related to the education and retraining of the former workers of the (company name) apparel plant from the perspectives of the former employees and other relevant community members.

I understand that the researcher’s copies of any documents will be kept by the researcher in a locked filing cabinet at a secure location. Only the researcher will have access to these documents and all copies will be destroyed by August 31, 2010.

I understand my release of the document(s) listed in paragraph 1 above is totally voluntary and I may repossess them and/or stop their use by the researcher at anytime. If I choose to withdraw the document(s) or stop their use, there will be no penalty of any kind.

I understand there is a possibility of a minimal level of risk involved if I agree to participate in this study. The foreseeable risks are not expected to cause harm or discomfort that exceeds that ordinarily encountered in daily life.

I understand that although there may be no direct benefits to me, one possible benefit of my participation is an increased awareness of personal and institutional factors that influence the education and retraining of displaced workers and the opportunity to inform policy related to adult education.

I understand that information obtained by the researcher from her review of the documents listed in paragraph 1 above will remain confidential, to the extent allowed by law.

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I understand that the researcher will protect confidentiality, by concealing names of individuals, organizations and agencies, geographic locations and other identifying information through the use of pseudonyms and fictitious place names in the written analysis of this research study.

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APPENDIX C

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the Trade Adjustment Assistance Program. Industrial and labor relations review. 48(4), 758-
74. Stable URL: http://www.jstor.org/stable/2524355

The excerpts to be reproduced in a table in my dissertation are from Table 1, p. 762:
Figures for mean wages, fringe benefits, job tenure, and layoff due to plant closure from
columns 2 & 4 in post-1988 groups. My table will note that it was adapted from the above
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Date: 6/24/2009

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Sent: Wednesday, June 24, 2009 2:42 PM
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JOB LOSS FROM IMPORTS: MEASURING THE COSTS
ISBN/ISSN: 978-0-88132-296-5
Publication year(s): 2001
Publisher: INSTITUTE FOR INTERNATIONAL ECONOMICS
Rightsholder: PETERSON INSTITUTE FOR INTERNATIONAL ECONOMICS

Author/Editor: KLETZER, LORI G.

The excerpts to be reproduced in two adapted tables in my dissertation are from Kletzer (2001)
and are described with my adapted tables attached to this letter (at end).

Table 3.1, p. 29: Selected rows from cols. 1 & 2 of Kletzer’s table including mean age and
education, job tenure, mean weekly earnings, % of displaced, occupation, reemployed, and
earnings losses.

Table 3.2, p. 34: Selected rows from cols. 2 of Kletzer’s table including mean age and
education, job tenure, mean weekly earnings, % of displaced, occupation, reemployed, and
earnings losses.

Table 3.4, p. 38: Selected figures from apparel row of Kletzer’s table including education, job
tenure, mean weekly earnings, % females displaced, reemployed, and earnings losses.

Table 6.2, p. 68 Figures under Heading “High” and from row title “Share” – Figures to be used
are percent shares of employment in each sector.

Please note that Kletzer’s data for these tables was from U.S. Census data (Displaced Worker
Surveys) and this government data is not copyrighted. However, I am adapting Kletzer’s
presentation of this data which appears in your copyrighted publication. My two attached tables
would appear in my dissertation (which is a not-for-profit publication) in a chapter that discusses
the findings of key research studies that inform my study and Kletzer’s study is cited there. If
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e-mail: djh9073@fsu.edu

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[Signature]

Date: 6/24/09

SEE MY TABLES ON NEXT TWO PAGES
APPENDIX D

INTERVIEW PROTOCOL FOR FORMER TAC WORKER,
NON-BUSINESS OWNER
Interviewee:
Interviewee’s title:
Interview Date: xx/xx/2003
Location:

1) Where did you grow up? How long have you lived here?

2) Did you go to school here? Tell me about all your schooling and work experience before working at the TAC plant.

3) How many years did you work at the TAC factory? Were you employed there when the plant closed?

4) Tell me about the jobs you did there. Who/what determined the type of job you did?

5) Tell me about the kinds of jobs that the men vs. women did there. Why were these jobs different?

6) How did the work environment change over the years?

7) How did you feel about working for the company? How did the company treat its employees?

8) Have you enrolled in any education or training programs since the plant closing? Did you complete the program? (If no, why?) Did any agencies or organizations help you pay for this training?

9) What influenced your decision to enter into that education or training program?

10) Before the plant closure, did you believe that your prior educational background and work experience prepared you for your life’s employment? Today, do you think that you need more education or training? Why or why not?
11) What kinds of problems or barriers have you had in getting work since the plant closure?

12) I'm interested in the support networks that people were able to draw on after they were laid off. How did each of the following provide you with emotional and/or financial support after you left TAC?
   a) family
   b) church
   c) neighbors and friends
   d) former co-workers
   e) government agencies
   f) TAC placement people and TAC foundation agencies
   g) other

13) What kinds of work have you done since the plant closure? What led you to that work?

14) How far do you have to travel to get to work now?

15) How has the following influenced your education and employment decisions?
   a) family
   b) community
   c) religious faith
   d) financial status
   e) distance/travel time to schooling or work
   f) other

16) What would you have done differently regarding your education & employment if you had been:
   a) a man/woman?
   b) living in a less rural area?
   c) single/married
   d) no children/had children

17) Many of the manufacturing businesses that were located in Alongways County have left during the last 15 years. Why do you think these businesses left?
18) Now that Alongways County has lost much of its manufacturing-based business what direction do you think the future economic development of the county will take? What kinds of job or work do you think will be here in the future? What might stop this from happening?

19) What kinds of education or training opportunities do you think is needed in this county?

20) What are the barriers that might prevent the people of this county from being able to get the education or training they will need?

21) What kind of education would you advise the young people of the county to get?
APPENDIX E

INTERVIEW PROTOCOL FOR FORMER TAC WORKER, NEW BUSINESS OWNER
Interviewee:
Interviewee’s title:
Interview Date: xx/xx/2003
Location:
Directions:

1) Where did you grow up? How long have you lived here?

2) Did you go to school here? Tell me about all your schooling and work experience before working at the TAC plant.

3) How many years did you work at the TAC factory? Were you employed there when the plant closed?

4) Tell me about the jobs you did there. Who/what determined the type of job you did?

5) Tell me about the kinds of jobs that the men vs. women did there. Why were these jobs different?

6) How did the work environment change over the years?

7) How did you feel about working for the company? How did the company treat its employees?

8) Have you enrolled in any education or training programs since the plant closing? Did you complete the program? (If no, why?) Did any agencies or organizations help you pay for this training?

9) What influenced your decision to enter into that education or training program?

10) Today, do you think that you need more education or training? Why or why not?
11) Currently, you are running your own business. How did you decide to start your business?

12) Tell me about your business. What is your role in running the business? Did you have any special training, education, or financial aid that helped you get started?

13) Describe any problems you have had in getting your business started or in keeping it running.

14) How is running your own business different from being employed by someone else?

15) I’m interested in the support networks that people were able to draw on after they were laid off. How did each of the following provide you with emotional and/or financial support after you left TAC?
   a) family
   b) church
   c) neighbors and friends
   d) former co-workers
   e) government agencies
   f) TAC placement people and TAC foundation agencies
   g) other

16) Have you done other kinds of work since the plant closure? Tell me about that.

17) How far do you have to travel to get to work now?

18) How has the following influenced your education and employment decisions?
   a) family
   b) community
   c) religious faith
   d) financial status
   e) distance/travel time to schooling or work
   f) other

19) What would you have done differently regarding your education & employment if you had been:
   a) a man/woman?
b) living in a less rural area?
c) single/married
d) no children/had children

20) Many of the manufacturing businesses that were located in Alongways County have left during the last 15 years. Why do you think these businesses left?

21) Now that Alongways County has lost much of its manufacturing-based business what direction do you think the future economic development of the county will take? What kinds of job or work do you think will be here in the future? What might stop this from happening?

22) What kinds of education or training opportunities do you think is needed in this county?

23) What are the barriers that might prevent the people of this county from being able to get the education or training they will need?

24) What kind of education would you advise the young people of the county to get?
APPENDIX F

INTERVIEW PROTOCOL FOR FORMER MANAGEMENT MEMBERS OF TAC
Interviewee: 
Interviewee’s title: 
Interview Date:  9/08/2003
Location:

1) Where did you grow up? How long have you lived in Alongways County?

2) What kind of work did you do prior to joining TAC?

3) When did you start working for the TAC Company and in what position?

4) How and when did you become the [member of management] of the Grant City facility?

5) How many years were you there in that position? Why and when did you leave that facility?

6) Why did the TAC company chose to open a facility in Grant City in 1979?

7) What kinds of products were made at the Grant City facility?

8) Tell me about the kinds of responsibilities you had as plant manager? What were the most rewarding and the most difficult issues you had to deal with?

9) How did the work environment in the plant change over the years that you were there?

10) The majority of the sewing jobs were held by women, though there were a few men who sewed and a few women who were mechanics, and who did other jobs where men were the majority. Why do you think that so few men chose sewing jobs and few women chose jobs such as cutters, mechanics, etc.?

11) Do you know why the teamwork concept was introduced at the Grant City plant? Do you think it accomplished the goal it was meant to accomplish?
12) Former employees have said the work pace was very demanding and quality standards were very high, but that the pay and benefits were excellent. Many also said that their fellow employees were like family, so much so that when the plant closed it was “like a death.” What do you think created these bonds and that atmosphere?

13) Former employees have also spoken of the generous severance benefits they received when the plant closed in 1999. Many have commented that these benefits allowed them to pursue more education or new employment opportunities that they could not have done otherwise.

Can you tell me why the TAC company and foundation gave the kinds of benefits that it did, even after plant closings? What is the philosophy behind this type of support for its employees?

14) In 1998, TAC entered into a strategic partnership with the Amalgamated Clothing and Textile Workers Union with a goal of strengthening the competitive ability of TAC Co. and U.S. labor against global competition. However, by this point in time, NAFTA had been enacted for several years and TAC had suffered substantial losses in world market share.

Do you believe that this change in the traditional adversarial management/union relationship might have produced different results if it had happened earlier, or do you believe that offshore production was inevitable given the changes in the world economy?

15) The Grant City plant was unionized less than a year before its closure in Feb. 1999. Do you think the TAC & ACTWU partnership had any influence on the successful establishment of a union at the Grant City plant given that prior efforts had failed? Why do you think it was unionized at that time?

16) Many of the manufacturing businesses that were located in Alongways County have left during the last 15 years. TAC was one of the last major apparel manufacturers in the U.S. to move production to off-shore facilities. Why do you think that TAC left Grant City when they did?

17) Now that Alongways County has lost much of its manufacturing-based business what direction do you think the future economic development of the county will take?
What kinds of job or work do you think will be here in the future? What might stop this from happening?

18) What kinds of education or training opportunities do you think is needed give county residents more employment opportunities in Alongways County?

19) What are the barriers that might prevent the people of Alongways County from being able to get the education or training they will need to have meaningful and sustainable employment?

20) Today, what kind of education would you advise the young people of the county to get?
APPENDIX G

INTERVIEW PROTOCOL FOR CAREER COUNSELOR AT WORKFORCE TRAINING AGENCY
1) What precisely is the relationship between the Alliance for Business and Training and the Career Center? How do they work together?

2) What are the goals of the AB&T and has the organization been able to accomplish its goals?

3) Describe the AB&T
   a) grants/funding sources
   b) and partnerships (local, state, federal, private and institutional)

4) What is the Education Growth Scholarship Program for Alongways County?
   a) Who is eligible and what is the selection process for recipients?
   b) How many students are recipients each year?

5) What problems, if any, has your organization identified in relation to placing the displaced workers into new jobs or education/training programs?

6) a) What were some of the barriers encountered by your clients in achieving their education or employment goals (e.g., financial, distance from location, prior academic preparation, family conflicts, etc.)?
   
   b) Of those who entered into programs but did not complete them why do you think they dropped out?

Now I’ll ask about your clients who were TAC workers specifically….

7) About How many former employees of the TAC plant have used your services?
   a. # (or %) displaced by plant closure
   b. # (or %) others

8) Aside from the programs you’ve already mentioned, has the AB&T been involved in any programs specifically directed at laid-off TAC workers?

9) Of your clients who were TAC workers, what are they doing now?
   - Examples
- Self-employed
- Employed by others

- Percentage estimates
  - Self-employed
  - Employed by others
  - Unemployed

b) What kind of training did they get (and from what institution)?
- Examples
  - Educational degree program
  - Vocational/certificate training

Percentage estimates
  - Educational degree
  - Vo-Tech
  - None

c) Is there relationship between level/kind of training and current employment status?
  - Higher level of education -> better chance of employment?
  - Vo-Tech ed more likely to be self-employed?

10) Describe any differences you noted in the services used and work/training/education preferences of men and woman clients.

11) How does your organization define when it has been successful with a client?

12) What are the elements that you think should form the basis for a community development initiative and related adult education for this county?

13) What part of this do you think is already present and what is still lacking?
APPENDIX H

INTERVIEW PROTOCOL FOR ALONGWAYS COUNTY ECONOMIC DEVELOPMENT CENTER OFFICIAL
Interviewee:
Interviewee’s title:
Interview Date: 06/17/2003
Location: EDC office in Grant City, TN

1) a) How and when did the EDC originate in Alongways County and what precisely is the relationship between the EDC, Alongways County and the regional university?

b) What was KALE and did EDC replace this group?

2) I noted on the EDC website that the center provides business counseling and a small business support center with office space rentals to new entrepreneurs.
   a) What basic skills does a new client need to have before he/she can come to you and use your services?

   b) How are counseling services delivered to clients (one on one, classes, etc.) and how much time does a new client usually spend in these activities before he/she is ready to start a new business?

3) About how many clients the EDC has assisted and the proportion/how many are now operating their own businesses?
   Have any failed and why?

4) What kinds of businesses are your clients operating? How many of them are renting office space in the new Small Business Support Center?

5) a) What proportion of the EDC clients apply for micro-enterprise loans and what proportion qualify for them?

   b) Who is the loan committee? What are CDCNET loans and CDBG loans (requires low to moderate income job creation)?

6) What problems, if any, has your organization identified in relation to preparing entrepreneurs to open a new business in Alongways County?

7) What were some of the barriers identified by your clients in preparing to run new businesses in Alongways County?

8) How does your organization define when it has been successful with a client?
9) Your website mentions that the center plans to offer new services soon, including distance learning seminars and training programs. Tell me more about these proposed services.

10) Where do you believe the small business growth areas are in Alongways County over the next decade?

11) The website lists a wide variety of funding sources that have provided support for EDC (local, regional, state, federal, plus the USDA and the TAC Foundation). Tell me about the nature of these different funding sources: are most of these grants? Loans? Renewable sources?

12) How did the TAC Foundation become involved as a supporter?

13) Now I’ll ask about your clients who were TAC workers specifically…
    About how many former employees of the TAC plant have used your services?
    a. # (or %) displaced by plant closure
    b. # (or %) others

14) Other than any programs you’ve already mentioned, has the EDC been involved in any programs specifically directed at laid-off TAC workers?

15) Describe any differences between men and women clients you have observed regarding EDC services used and new businesses opened.

16) Alongways County is has lost much of its manufacturing-based economy and is trying to move in a new direction with its economy and employment base. What do you believe is necessary to form a successful link between this county’s adult education needs and its community economic development goals? What part of this do you think is already present and what is still lacking?

IF TIME PERMITS: Ask about involvement with Community Development Board.
APPENDIX I

INTERVIEW PROTOCOL FOR FORMER ALONGWAYS COUNTY WORKFORCE DEVELOPMENT EDUCATION FACILITATOR
Interviewee: 
Interviewee’s title: 
Interview Date: 06/30/2003 
Location: office in Grant City, TN

1) What is your role in this position? Has this changed since its inception?

2) Your position was initially funded in part by a grant from TAC Foundation. Explain why and how this happened. How is your position funded now?

3) When and why did X Community College begin offering programs in Alongways County? Describe the types of programs your institution offers to students at locations in this county (A.S. in Business Mgmt., A.S. in General Studies)

4) What ages are these students? What proportion are men vs. women?

5) What is the “NEXT STEP” program? Explain how it works (when and how classes are offered).

6) What is the Education Growth Scholarship Program for Alongways County? 
   a) Who is eligible and what is the selection process for recipients?
   b) How many students are recipients each year?

7) How many students from Alongways County have enrolled in X Community College programs since the programs began in the county.

8) How many have completed degrees or other certifications?

9) Of those who completed programs, do you know what kinds of work they are doing now?

10) How many are still enrolled in some type of program?

11) How many entered into programs but did not complete them? Why do you think they dropped out?

12) How many Alongways County students take classes at locations outside the county? What types of programs are these and where are these programs located?

13) What were some of the problems encountered by adult students in your programs (e.g., financial, distance from location, prior academic preparation, family conflicts, etc.)?
14) What problems, if any, has your organization identified in relation to placing displaced workers into new education/training programs?

15) How many of your students were former TAC workers from Alongways County?

16) What kind of programs did they enroll in?

17) What are they doing now?
   - Percentage estimates
     o Self-employed
     o Employed by others
     o Unemployed

18) Do you see a relationship between level/kind of education that students are in and their employment status after completion of a program?
   - Higher level of education -> better chance of employment?
     Vo-Tech ed more likely to be self-employed?

19) Alongways County has lost much of its manufacturing-based economy and is trying to move in a new direction with its economy and employment base. What do you believe is necessary to form a successful link between this county’s adult education needs and its community economic development goals? What part of this do you think is already present and what is still lacking?
APPENDIX J

INTERVIEW PROTOCOL FOR ALONGWAYS COUNTY GOVERNMENT OFFICIALS
Interviewee: 
Interviewee’s title: 
Interview Date: 08/26/2003 
Location: 

1) How long have you served in your current role? What are your responsibilities in this role?

2) Have you served in other county government positions? What did you learn from that role that has helped you in your current position?

3) Many of the manufacturing businesses that were located in Alongways County have left during the last 15 years. Why do you think these businesses left?

4) How have the various manufacturing plant closures affected the county’s employment base and tax revenues?

5) Given the current budget constraints and the global competition for jobs, what can the county realistically do to address the problems it faces in building a new economic and employment base?

6) Can you tell me about how the county is involved in any of the following? 
   - new economic development strategies 
   - new business recruiting 
   - changing the skill base of workers 
   - new education initiatives 
   - high speed internet access

7) In your opinion, what are the successes and failures the county has had in moving toward a new economic development strategy?

8) I know that the county began partnerships with new organizations in response to these changes. Tell me about the county’s involvement with: 
   - the regional university and the County Economic Development Center 
   - Community Development Board 
   - Tennessee Career Center and Alliance for Business & Training 
   - Two community colleges offering local classes 
   - The TAC Foundation
9) Who are the largest employers in county at this time?

10) Where do you believe the business and employment growth areas are in Alongways County over the next decade? What might stop this from happening?

11) What do you believe is necessary to form a successful link between this county’s adult education needs and its community economic development goals? What part of this do you think is already present and what is still lacking?

12) What are the barriers prevent the people of this county from being able to get the education or employment training they need?

13) How will the county promote higher education to its young people? What can it do to keep them in working in the county after they get college degrees?
APPENDIX K

INTERVIEW PROTOCOL FOR ADMINISTRATOR FOR COMMUNITY COLLEGE
Interviewee:
Interviewee’s title: Administrator for community college
Interview Date: 08/18/2003
Location: administrator’s office

1) What is your role here? Has this changed since you took the job?

2) Tell me about the different types of adult education programs offered through this community college?

3) Where does this community college offer classes?

   4) What ages are the adult students?

   5) What proportion are adults of total enrollment at this community college? Has this changed significantly over the last decade?

   6) What proportion are men vs. women?

   7) What proportion gets some type of financial aid or scholarships? What are these?

8) What proportion enter into programs but do not complete them? Why do you think they drop out?

9) What proportion transfer into a four-year program after completing some community college coursework?

10) When and why did this community college begin offering programs in Alongways County? Describe the types of programs your institution offers to students at locations in this county (A.S. in Business Mgmt., A.S. in General Studies)

11) How do you determine which classes should be offered at rural sites?

12) How many Alongways County students take classes at locations outside the county? What types of programs are these and where are these programs located?

13) How many students from Alongways County have enrolled in this institution’s programs since the programs began in the county?

14) What were some of the problems encountered by rural adult students in your programs (e.g., financial, distance from location, prior academic preparation, family conflicts, etc.)?

15) What problems, if any, has your organization identified in relation to placing displaced workers into new education/training programs?
16) Do you see a relationship between level/kind of education that students are in and their employment status after completion of a program?

   Higher level of education -> better chance of employment?
   Vo-Tech ed more likely to be self-employed?

17) Alongways County has lost much of its manufacturing-based economy and is trying to move in a new direction with its economy and employment base. What do you believe is necessary to form a successful link between this county’s adult education needs and its community economic development goals? What part of this do you think is already present and what is still lacking?

18) The State of Tennessee has cut funding to higher education programs many times over the last decade. More of the tuition costs are now being borne by students. How does this affect the way alternative adult education programs are offered, especially in rural areas?

19) How do you predict that the new Tennessee lottery will affect adult students in the region? Will non-traditional students be eligible for the lottery scholarships?
APPENDIX L

INTERVIEW PROTOCOL FOR ADMINISTRATOR FOR ALONGWAYS COUNTY ADULT EDUCATION
Interviewee:
Interviewee’s title: Administrator for Alongways County Adult Education
Interview Date: 09/03/2003
Location: AC adult education office

1) What is your role here in the Alongways County School System? Has this changed since you took the job?

2) Tell me about the kinds of adult education programs that are offered here (needs assessments, GED, college exam prep, computer classes, workforce development on-site, job task analysis and tutoring).

3) Today, how is a Tennessee GED diploma different from a regular high school diploma from a Tennessee high school?

4) How often are classes offered? Are any taught using computer or on-line assistance? Where are GED exams and other assessments tests given?

5) How are these programs funded? Are they part of the ACSS budget?

6) How many students have enrolled in some type of adult education program during the last year or two? Has this changed significantly over the last decade? How do you find new students?

7) Of those who enroll, what proportion are males vs. females? What age ranges do these students fall into?

8) What proportion get their GEDs and then go on to some type of post-secondary education? How do you encourage GED graduates to pursue some type of post-secondary education? Do you have any kind of working partnerships with area post-secondary institutions?

9) What proportion enter GED programs but do not finish? Why do you think they drop out?
10) How many TAC workers did you help after the plant closed? Were you involved in the GED training offered to those employees at any time over the years that the plant was open?

11) What are some of the barriers encountered by adult students here in Alongways County in pursuing higher education (e.g., financial, distance from location, prior academic preparation, lack of information, first generation students)?

12) Do you see a relationship between getting a GED and students’ employment status after completion of a program?

13) How does AC adult education empower students to become lifelong learners?

14) Alongways County has lost much of its manufacturing-based economy and is trying to move in a new direction with its economy and employment base. What do you believe is necessary to form a successful link between this county’s adult continuing education needs and its community economic development goals? What part of this do you think is already present and what is still lacking?

15) The State of Tennessee has cut funding to higher education programs many times over the last decade. More of the tuition costs are now being borne by students. How has this affected your adult students’ ability to enroll in higher education?
APPENDIX M

INTERVIEW PROTOCOL FOR ADMINISTRATOR FOR
ALONGWAYS COUNTY SCHOOL SYSTEM
Interviewee:
Interviewee’s title: Administrator for Alongways County School System
Interview Date: 08/28/2003
Location: AC County Schools office

1) How long have you been director of schools and what responsibilities do you have in this position?

2) You are the first appointed director of schools in Alongways County history and all the school principals are now women. How are they role models for those who follow and for the young women of the county. How does this influence what you do?

3) What were problem areas that needed improvement when you became director and how have you addressed those areas?

4) Tell me how AC Schools are working to accomplish some of the goals its lists on its website:
   Empowering students to become lifelong learners
   Train Staff, students and parents to use computer technology

5) The school system has partnered with several organizations that provide funding for programs. Tell me about these partnerships and how these work for the school system.

6) How does ACSS encourage more of its high school graduates to pursue some type of post-secondary education?

7) The vocational programs here are in agriculture and building trades. How does one get the young women interested in these areas, or are there plans to have more vocational programs that appeal to them?

8) What are some of the barriers encountered by ACHS students in pursuing higher education (e.g., financial, distance from location, prior academic preparation, lack of information, first generation students)?
9) Do you see a relationship between level/kind of education that students are in and their employment status after completion of a program?

   Higher level of education -> better chance of employment?
   Vo-Tech ed more likely to be self-employed?

10) What must be done to keep students who have completed post-secondary ed. programs in working in the county afterward?

11) Alongways County has lost much of its manufacturing-based economy and is trying to move in a new direction with its economy and employment base. What do you believe is necessary to form a successful link between this county’s adult continuing education needs and its community economic development goals? What part of this do you think is already present and what is still lacking?

12) Your opinion: Where will this decade’s graduates of ACSS be employed?
APPENDIX N

INTERVIEW PROTOCOL FOR ADMINISTRATOR FOR
ALONGWAYS COUNTY HIGH SCHOOL
Interviewee:
Interviewee’s title: Administrator for Alongways County High School
Interview Date:  08/27/2003
Location:    office at ACHS

1) What is your role her at ACHS? Has this changed since you took the job?

2) Tell me about the TnACHE Grant and how ACHS will use the $10,000 to encourage students to pursue higher education?

3) How many/what proportion of ACHS students from the last two years have enrolled in some type of higher education or vocational training after graduation? Has this changed significantly over the last decade?

4) Of those who enroll, what proportion are males vs. females? What differences do you see in the kinds of programs they choose?

5) What proportion enroll in community colleges, 4-year universities, vocational schools, etc.?

6) How many participate in advanced college credit programs while they are still seniors?

7) What proportion gets some type of financial aid or scholarships? What are these (loans, Pell Grants, other)?

8) What proportion enter into programs but do not complete them? Why do you think they drop out?

9) What are some of the barriers encountered by ACHS students in pursuing higher education (e.g., financial, distance from location, prior academic preparation, lack of information, first generation students)?
10) Do you see a relationship between level/kind of education that students are in and their employment status after completion of a program?

   Higher level of education -> better chance of employment?
   Vo-Tech ed more likely to be self-employed?

11) What must be done to keep students who have completed post-secondary ed. programs in working in the county afterward?

12) Alongways County has lost much of its manufacturing-based economy and is trying to move in a new direction with its economy and employment base. What do you believe is necessary to form a successful link between this county’s adult continuing education needs and its community economic development goals? What part of this do you think is already present and what is still lacking?

13) The State of Tennessee has cut funding to higher education programs many times over the last decade. More of the tuition costs are now being borne by students. How has this affected ACHS students ability to enroll in higher education?

14) How do you predict that the new Tennessee lottery scholarships will affect ACHS students?
APPENDIX O

INTERVIEW PROTOCOL FOR UNITE LABOR UNION OFFICIAL
When was the Grant City TAC plant employee union certified?

Several attempts had been made there in the past to get union representation. Can you give me some of the history surrounding these unsuccessful attempts? What dates? Why did they fail?

What reasons did the employee organizers cite for the success of the final organizing effort? (dissatisfaction over recent work rule changes, job-related injuries, sense that TAC was going to close soon and they should put up a fight?)

How did TAC respond to the union organization efforts at Grant City? (Mention accounts that anti-union efforts included films shown to workers)

What was the union able to do for the Grant City members during the time the plant was open?

Did the union assist in negotiations for termination benefits at the time of the plant closure? What was the union able to achieve for the employees at that time? From what you know of termination package, what’s your opinion of it?

An anti-union employee expressed the opinion that she did not need to pay the union to speak for her and that the union was favored by those who were afraid to speak for themselves to management. Was it your impression that the union received its greatest support from those who were afraid to speak out, or from those who already were being assertive?

Following up on that last question, that same employee noted that although she claimed that she was not so scared that she needed a union, she said that she was afraid to speak out at school board meetings because everybody in the county knows each other and works for each other and she’d just get somebody in her family in trouble. In fact, I’ve received several comments along these lines when I’ve asked about employee assertiveness. Do situations like these present obstacles for unions (because people are afraid to speak out when they live and
work in such closed networks) or opportunities (because unions offer an arena of impersonality and bureaucracy)?

Some former Grant City TAC employees felt the formation of the union hastened the company’s decision to close the plant. Do you think this had any effect on the decision?

Did UNITE have unions in other TAC plants in the region? How were the situations for the union at these plants different than at the Grant City plant? In particular, have you noticed differences in the situations in the rural vs. urban plants?

A pro-union employee expressed doubts about the ability of a union to help its members in a right-to-work state. How did this affect the union’s ability to organize and/or to negotiate for the workers at TAC plants in Tennessee? More broadly, given the right-to-work and generally anti-union context (as well as that of deindustrialization), what role do you see unions having in community-oriented development and retraining efforts in places like Alongways County? What are your predictions about the future for rural industry in Tennessee?
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BIOGRAPHICAL SKETCH

Donna Jo Hall was born in 1960 and raised in Greene County, Tennessee in the mountains of Southern Appalachia. She earned her Bachelor of Business Administration and Master of Accountancy degrees in 1982 and 1984 at East Tennessee State University. She worked as an accountant in Johnson City, Tennessee until 1988. From 1988 to 1994, she taught business courses for the University of Maryland Asian and European Divisions. During that time, she traveled extensively in Asia, Europe, and Australia and became interested in international development education. She moved to Tallahassee, Florida in 1996 to pursue her doctorate at Florida State University in the International and Intercultural Development Education program (now the Sociocultural and International Development and Education program) in the Department of Educational Leadership and Policy Studies. While there she taught accounting and education courses as a graduate teaching assistant. Her professional and research interests are in rural community development, gender and class inequalities in post-secondary education, and workforce education policy.