

As jobs vanish, factory towns slow to see stimulus

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Many communities hit hardest by job losses, those built around dying factories and mills, have been slowest to see relief from President Barack Obama's stimulus plan, underscoring how hard it is for Washington policymakers to create lasting work in areas that need it most.

The manufacturing industry has shed hundreds of thousands of jobs during the recession as plants have closed or scaled back. Places such as the southwest Missouri city of Lamar, tucked amid endless fields of winter wheat and soybeans, have seen the cornerstones of their economies disappear, leaving a gap that even billions in roadwork and government aid cannot fill.

Lamar began feeling the recession ahead of the rest of the country, when the furniture-maker O'Sullivan Industries closed its doors in mid-2007, immediately leaving 700 workers unemployed and turning its factory into a million-square-foot vacancy.

That began what city manager Lynn Calton calls "a slow death ." Stores folded. A 50-year-old car dealership went under. One in 10 jobs disappeared last year. Everyone suffered, from the downtown florist to the dentist who cleaned the factory workers' teeth.

Even Mayor Keith Divine filed for unemployment when his furniture store went out of business. He now sells carpet and mattresses and says he hasn't seen evidence of the 640,000 jobs saved or created nationwide thanks to the \$787 billion stimulus.

"What work? Where?" Divine asks.

For the Obama administration, Lamar is as much a problem of expectations as it is of policy. For all the items contained in the stimulus, from tax cuts to road work to new schools, nothing could quickly replace what factory towns like Lamar had lost.

That's why the White House says it's unfair to judge the stimulus by the unemployment rate because no amount of stimulus was going to keep Lamar's unemployment rate from approaching 12 percent.

Nationwide, only 2,500 of the 640,000 stimulus jobs announced Friday were in the manufacturing industry, and many of those appear to be mislabeled. Teachers were the biggest winners because states used federal aid to fill budget gaps, then credited the money with avoiding layoffs — even if no such layoffs were planned.

"We haven't seen any improvements in our town," said Gary Macklem, the mayor of Croswell, Mich., a small city in a county built on farming and factories, where unemployment has hovered just below 20 percent all year. "We lost two factories and the other factories are hanging by a shoe string."

One of the goals written into the stimulus was to help "those most impacted by the recession." And there are provisions to do just that, from increasing unemployment and Medicaid benefits to paying for worker retraining. Places such as Croswell and Lamar also probably would have been worse off if their states had endured their budget crises without federal help.

And there are billions of dollars to upgrade the electrical grid and encourage alternative energy , an historic investment expected to spur manufacturing of wind turbines , solar panels and clean-running buses.

"Will the stimulus program by itself turn around the decades-long decline in that sector? Of course not," said White House economic adviser Jared Bernstein. "But it will help, and it will help in some of the most key areas, where manufacturing can shift from contracting to expanding."

Such benefits are harder to see than a job and a paycheck. In manufacturing towns, those have been difficult to create. When they appear, they're not what the town is used to.

O'Sullivan Industries was the kind of company that hired kids right out of high school, a company where workers could eventually pull down \$16 an hour and work overtime when the plant was running six days a week. Some employees had been there for 30 or more years. People who wanted to start a family and put down roots in their hometown could go get jobs at O'Sullivan.

The stimulus can't create those types of jobs, at least not directly and not right away. So despite Lamar's need, the county saw just 22 jobs from the stimulus. They are temporary positions working on a local highway project, not the kind of thing someone from O'Sullivan could easily walk into.

"They were building ready-to-assemble furniture. Somebody out there pouring concrete is a whole different job," said Calton, the city manager. "I don't know if those people were able to get on with someone doing a highway project."

They weren't. The highway contract went to a company that brought in crews from hours away.

Those workers count themselves as lucky, but already fear what may come next. One man has a toddler and said he'll take dishwashing jobs to get by once the stimulus project is over. Word down at the union hall is that things haven't been this bad in 10 years.

"You put your name on the list, and you're No. 90 or No. 106," said Bob Williams , who has worked construction since 1968. "You ain't going to work tomorrow."

In Monroe County, Ala ., Georgia-Pacific Corp. idled its plywood mill this year, leaving 300 workers without jobs. In August, Fruit of the Loom closed its dye plant, laying off more than 100.

These were good jobs with benefits and retirement plans, said Mike Kennedy , the mayor of the county seat of Monroeville, the childhood home of author Harper Lee and the likely inspiration for the town in her book "To Kill a Mockingbird."

Unemployment is approaching 19 percent and the city budget is strained. Kennedy said he's hoping to receive stimulus money to make buildings more energy efficient. That would create some jobs.

But so far, Monroeville has seen just 8 jobs from the stimulus, according to the latest data.

"We got stimulus money to build sidewalk," Kennedy said.

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