



AN ANALYSIS OF NAFTA AND TEXTILE CLOSINGS IN NORTH CAROLINA

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ABSTRACT

This article looks first at the purposes and benefits of the North American Free Trade Agreement Transition Adjustment Assistance (NAFTA-TAA) program. Additionally, we note the method of application and the criteria for eligibility for these benefits. The second part of the article considers data on textile industry closings and layoffs provided by the North Carolina Department of Commerce, and data on TAA petitions filed by North Carolina textile companies, worker groups and unions, provided by the U. S. Department of Labor. We find that there are inconsistencies in the data from these two sources and find that almost 70% (68.8%) of closings and layoffs reported to the State of North Carolina are not followed by an application for TAA benefits. We conclude that the effects of NAFTA on layoffs and closings in the textile industry is difficult to assess. The number of applications for TAA benefits do not appear to support the notion that NAFTA has had a profound impact on the textile industry. If NAFTA has, in fact, had such an impact then either the State of North Carolina is not fulfilling its obligations under the law of informing workers and companies of the benefits available or companies are, for whatever reason, failing to file petitions for the benefits which might retrain their former employees. Finally, we suggest that the substantial number of job losses in the textile industry in North Carolina might also be related to the exposure to free trade after decades of protection.

KEYWORDS: NAFTA, TAA, labor, textile, layoffs

One of the inevitable by-products of increased trade is job loss. The United States, in recognizing this inevitability, built into its trade laws the means of assisting American workers to reposition themselves in better paying competitive jobs. In 1974, the U.S. Congress passed legislation called The Trade Act of 1974 which not only recognized the negative impact of trade on some jobs, but also the need for displaced workers to prepare for new jobs. Specifically the Act provided for assistance

to workers adversely affected by trade and trade agreements. Continued concern for those who may lose their jobs as a consequence of trade agreements prompted the extension of benefits from The Trade Act of the 1974, to the Omnibus Trade and Competitive Act of 1988 and ultimately to the North American Free Trade Agreement Implementation Act of 1993. The program providing benefits to displaced workers is now called the NAFTA-TAA Program, or Transition Adjustment Assistance Program.