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AP: Manufacturing areas lead surprise job comeback

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As record numbers of orders flow through Legacy Furniture Group's manufacturing plant, workers toil between towers of piled foam and incomplete end tables precariously stacked five pieces high.

With a 10 percent sales growth this year, Legacy has quickly forgotten the recession's low point in March, when weak order volumes forced the company to implement four-day work weeks.

In November alone, the company that specializes in furniture for the medical industry added a half-dozen employees to its staff of 35. These days, everyone is clocking overtime and the 40,000-square-foot factory is starting to feel awfully cramped.

"We're starting to stack people instead of stacking furniture," jokes co-founder Todd Norris as he navigates rows of hand-sanded chair frames.

Legacy's recent success highlights a trend: Counties with the heaviest reliance on manufacturing income are posting some of the biggest employment gains of the nation's early economic recovery. This is a big change from just half a year ago, when some economists worried that widespread layoffs by U.S. manufacturers might be part of an irreversible trend in that sector.

The Associated Press Economic Stress Index, a monthly analysis of the economic state of more than 3,100 U.S. counties, found that manufacturing counties have outperformed the national average since March. The Stress Index calculates a score from 1 to 100 based on a county's unemployment, foreclosure and bankruptcy rates. The higher the number, the greater the county's level of economic stress.

The top 100 manufacturing counties with populations of more than 25,000 saw their Stress score drop slightly over the spring and summer quarters, largely due to improvements in the unemployment rate. By comparison, the national average of similar counties saw county Stress score increases of about 7 percent over the same time.

Economists say these counties may always have high rates of idled workers as technology replaces workers on the assembly line and companies find cheaper labor elsewhere. And manufacturing counties did have an average Stress score of 11.9 in September, while the top counties dedicated to hospitality were at 9.2.

But the early improvements in unemployment rates and manufacturing activity illustrate that there are, at the very least, signs of stability. U.S. manufacturers increased production by an average of 1.1 percent each month through July, August and September, before falling slightly, by 0.1 percent, in October, according to federal data.

Economists cite a range of potential explanations for the early resurgence, including the "Cash for Clunkers" program to stimulate car buying, a weak U.S. dollar to aid exports, the use of temporary workers, the need to replace depleted inventories, and stimulus money that is taking root. All of which raises the question of whether the trend will last.

Here in Catawba County, where native hardwoods and access to power have made the region a historical hub for furniture manufacturing, the unemployment rate dropped from a peak of 15.6 in March to 13.6 percent in September.

Elkhart County, Ind., meanwhile, saw such a startling surge in layoffs one year ago that President Barack Obama made a stop there in the opening weeks of his presidency. The unemployment rate there, driven by job cuts at RV manufacturers, spiked in March at 18.9 percent, but has fallen steadily ever since - to 15 percent in September.

The nation's overall jobless rate has been going the other way, climbing from 8.5 percent to 10.2 percent.

"Manufacturing jobs are here to stay, and they're coming back," said Derald Bontrager, president and chief operating officer of Middlebury, Ind.-based RV maker Jayco Inc., which recalled or hired 200 laid-off workers over the summer to help ramp up production after an unexpected sales boom overwhelmed all-time-low inventories and left the producer unable to meet demand. They're still trying to catch up.

The Carolina furniture makers who have been hiring since June may also have cut too many jobs at the base of the recession, says Scott Volz, a consultant who helps the companies recruit managers. Some of those businesses have also successfully refocused on specialties - such as high-end upholstery or quick turnarounds on custom furniture - instead of trying to compete directly with cheap Chinese imports.

Heath Cushman, 32, of Taylorsville, lost his job at a sock plant in 2008 and was out of work for nine months. His unemployment check was worth more than the low-paying jobs available back then to a graphic designer with a decade of experience.

"I have a house, a son, a wife, a car payment like everybody else," he said. "Nine dollars an hour, even if it was 60 hours a week, probably wouldn't have cut it."

He was considering a long commute, or a move to a city like Charlotte, then he landed a job at Legacy making what he called a

"generous" wage. Any doubts he had about a future in the manufacturing industry vanished as company executives excitedly described their future plans. Executives are now moving operations to a larger facility nearby and plan to add some 50 employees.

Mike Walden, an economist at North Carolina State University, said manufacturing tends to be one of the sectors that leads the way out of recession, as factories ramp-up to meet pent-up demand. But he questioned whether the new jobs would stick around for long.

"As we've seen this spurt in manufacturing production over the last six months, those factories have to go out and bring back some laid-off workers," Walden said. "In five years, however, those same workers may be back out the door."

Not all manufacturing workers are going back to similar jobs: Other industries that frequently seek cheap labor overseas, such as customer service, are also sponging up bargain employees where layoffs have occurred.

In western North Carolina, widespread manufacturing layoffs were a theme that predated the recession - largely due to foreign competition. Yet Catawba County has been able to find some new employers eager to tap the available work force: Target Corp. opened a distribution hub in August, Apple Inc. is building an East Coast data center just 30 miles down the road from a similar Google Inc. server farm that opened last year as county recruiters brand the region as a "data corridor."

Justin Pennell worked through the early part of the recession building equipment used by the furniture makers. But the 26-year-old's job in Lenoir was so unstable that he would frequently go weeks without work and have to draw unemployment. In January, with the industry idling, he started searching elsewhere and soon took a job at Target, where he now maintains trucks and machines, with a steady 40-hour work schedule.

"It's a lot better," Pennell said, "knowing that I'm going to make a certain amount per week, versus wondering where it's coming from the next."

Associated Press Writer Mike Schneider contributed to this report from Orlando, Fla.

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