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The Undoing Of the Industrial Revolution

By GEORGE JAMES

DATELINE: PASSAIC

IT was 1989 when Bobby Bollettino stood in front of the J.L. Prescott Company, where he was a line operator in the bleach department, and wondered about his future now that the plant was closing and the operation was shifting to Illinois.

About 295 employees were losing their jobs at the plant, which manufactured household cleaning products, along with 150 more at a sister plant in Lincoln Park. As Mr. Bollettino, the president of Local 284 of the United Textile Workers of America, studied the weathered brick buildings where he had worked for 21 years, he sensed his life was coming apart.

"The first thing in my mind," he said at the time, "was how do I survive now, because I always took for granted my paycheck -- every Thursday, it would be there -- my hospitalization, my benefits."

Today Mr. Bollettino, a 56-year-old clerk/messenger for Passaic County social services, is again standing in front of J.L. Prescott. He keeps repeating the same mild expletive as he takes in the scene. The two-story red-brick office building and the attached cinder-block structure that runs along Eighth Street to the Passaic River looks much the same, except it is home now to a jobber that buys and sells textiles.

But next door, the five-story building where he once made bleach is half demolished. Fifteen-foot-high piles of smashed wood and huge chunks of concrete sit scattered over a sprawling foundation where railroad cars once delivered caustic and trucks pulled away from loading docks filled with detergent and other cleaning products. The Prescott company was family owned for 118 years, but in 1988 it was acquired in a leveraged buyout by Narragansett Capital Inc. of Providence, R.I., which eventually closed the plant.

He takes one last look around and says, "This was half my life here."

The two tableaus -- set 15 years apart -- are emblematic of what has come of America's industrial revolution, and the upheaval in the lives of workers like Mr. Bollettino, who saw jobs that paid decent wages flee to other states or overseas. Yet for all the churning, a thriving service industry has kept the New Jersey economy robust compared with other states.

Just over two months ago, a similar scene played out when about 800 Ford employees were let go as the giant automaker closed its plant in Edison after 56 years.

Some of the employees have been transferred to other Ford plants; the older ones are retiring; and others who opted for dismissal will receive their salaries through 2007 provided they show up every day for some sort of community service. The younger workers like Jay Shaw, a 33-year-old millwright apprentice, are looking for other kinds of work, in his case as a police officer.

Since J.L. Prescott closed its doors in July 1989, New Jersey has lost more than 200,000 manufacturing jobs, a reflection of a nationwide decline in manufacturing.

To stem the decline and deflect criticism, President Bush recently named a manufacturing czar , in part to counter Democrats who keep hammering away that since he came into office in 2001, 2.8 million jobs have been lost. The administration even went so far as to suggest that jobs in the fast-food industry be reclassified as manufacturing, a notion that Senator Jon S. Corzine described as "mind-boggling."

In 1943, in the early stages of World War II, manufacturing was the driving force of the state's economy, accounting for 55 percent of the jobs, compared with 41 percent nationally, according to a study released in January by the Edward J. Bloustein School of Planning and Public Policy at Rutgers.

Today, manufacturing contributes only 9 percent to the state's employment, the report said, while nationally the figure is 11 percent.

It was in 1988, a year before Prescott closed, that New Jersey reached a significant turning point. For the first time, the state's share of manufacturing jobs, at 18.1 percent, fell below the nation's, which was 18.3 percent.

The service industry was changing the state from one that produced goods to one that consumed them. It was a stunning turn. After all, an argument can be made that New Jersey is the cradle of American industry. The first national manufactury was envisioned by Alexander Hamilton for the Great Falls of the Passaic, and the result was Paterson: the Silk City, the home of the Colt revolver, builder of locomotives, and the former home of Wright Aeronautical, which churned out airplane engines for the war effort in the 1940's.

Over those years, images were burned into the subliminal landscape: the multi-storied silk and textile mills of Passaic County; the refineries in the Bosch-like setting of the Turnpike; the sprawling automobile plants in Mahwah, Edgewater, Edison, and Linden (the only automobile plant still operating for now).

Trenton Makes, the World Takes.

Once, as the saying went, what was good for General Motors was good for the country. Today, as America has switched to a more service-oriented economy, Wal-Mart is the number one employer and has been criticized for low wages even while being praised for low prices.

David K. Shipler, the author of "The Working Poor: Invisible in America" (Alfred A. Knopf, $25) says that when people lose a good-paying manufacturing job, they lose more than a salary.

In a telephone interview, Mr. Shipler explained that although people with relatively low skills earned a minimum wage, $7 or $8 an hour, "insufficient to support a family," those jobs opened the "the possibility of upward mobility."

"During a person's lifetime," he said, "a lot of manufacturing jobs were in effect apprenticeships which enabled people to start at the bottom and to be trained again and again by the company so as to move up through the ranks."

But in recent years, Mr. Shipler said, "that possibility of upward movement has been cut off with the lack of manufacturing jobs. The lower wage jobs now are in the service industry that have very few pathways up."

For Mr. Bollettino, the loss of his job at Prescott meant years simply trying to catch up. His wife's salary as a part-time sales person at Channel, a home supply store, did not include benefits and he would soon lose his. They had a son in high school and another in middle school to worry about.

Too proud to settle for unemployment, he looked for any job he could get. For the first few years, he was night janitor, making half of the $11 an hour plus overtime, that he earned at Prescott. After working all night, he then operated a cleaning service during the day. He was its only employee.

After several years, Mr. Bollettino said, he was fortunate enough to get the county job, which provides him with hospitalization and retirement benefits.

"I'm working for the county in July 11 years, and I'm finally caught up to where I was at Prescott," he said.

The closing at the Ford plant will surely be equally distressing to its former employees, since they were among the highest-paid factory workers in the country. As Joe Renna, who worked in plant services there for 38 years and was earning $25 an hour, put it, "They call us the royalty of the blue collars."

In June 1966, Mr. Renna was just out of Middletown High School, married and a new father, when he walked into the Ford plant and asked for a job.

"They said, 'You want to start tonight,' he recalled. "I says, 'Oh man!' I wasn't ready for that."

He had also filed applications at Owens Illinois, Fedders, Revlon and Johnson & Johnson, and the day after he started at Ford he received calls from all the companies. "In five minutes, you could get a job any place," he said. "See if you can do that now."

James W. Hughes, dean of the Bloustein School and, with Professor Joseph J. Seneca, an author of the report on the loss of jobs, said those who grew up in the period of manufacturing's primacy thought it would always be "a stable part of their world."

"But in reality, the economy is constantly moving and changing," he said, "destroying old jobs and creating new jobs. What we had in the 1940's no longer exists."

In a year of typical growth, Dean Hughes added, there is a net gain of about 5,000 jobs a month in New Jersey, the result of 50,000 new jobs being created and 45,000 being lost.

In the 1950's, manufacturing in the state got an additional boost from the Korean War and then the conflict in Vietnam, Dean Hughes said, but started a pattern of hemorrhaging in the 1970's as a booming Sunbelt -- historically a non-union section of the country with lower wages -- began attracting businesses, and international competition became stronger.

"For 20 years after World War II, the United States had no serious economic competitors," he said. "Lacking that competition, management became undisciplined."

He went on: "When the period of international competition opened up, New Jersey in particular had a number of facilities that were old and relatively unproductive," much of it "dirty manufacturing" that prompted environmental regulations.

From 1990 to 2002, every type of manufacturing showed a double-digit rate of decline, with the exception of pharmaceuticals and health care products, even though the nation was experiencing its longest economic expansion and New Jersey its second longest.

The areas of manufacturing that showed "traumatic employment contractions, according to the report, "were communications equipment, a 71.8 percent loss in jobs; apparel, off 60.4 percent; electrical equipment, appliances and components, down 48.5 percent; machinery, a 46.7 percent decline; computers and electronics products, off 43. 6 percent; and basic chemical manufacturing, down 42.2 percent.

"Huge gains in productivity, excess capacity worldwide, cost disadvantages in New Jersey, and continued pressure to reduce labor costs in order to remain competitive all combined to drive manufacturing employment relentlessly downward," the report said.

Conversely, while manufacturing jobs declined, the state in the 1980's gained 677,100 service jobs, created in part by a boom in office construction along New Jersey's transportation corridors, a soaring stock market that spilled over from Wall Street to the New Jersey side of the Hudson River and a relocation of headquarters by American and foreign companies to the state.

By 1990, the office boom made the 11 counties in the northern and central part of the state the fifth-largest metropolitan office market in the country; and by 2000, service jobs accounted for 69.7 percent of the state's total of 4 million jobs.

Nationally, the loss of jobs has plagued the Bush administration, and remarks earlier this year by N. Gregory Mankiw, chairman of the President's Council of Economic Advisors, praising the dispersal of jobs to foreign countries did not help. Mr. Mankiw said it was "just a new way of doing international trade" and "a good thing" that would help American workers get better jobs.

But there was another way to look at the phenomenon. A study made public last December by the National Association of Manufacturers comparing American industry with foreign competition said labor costs in this country were generally 22 percent higher because of taxes, health and pension benefits and other imposed expenses like pollution control.

Whatever the merits of outsourcing, Senator John Kerry of Massachusetts, the presumed Democratic presidential nominee, has said that if elected he will review all trade agreements and scale back on incentives that encourage companies to move jobs overseas.

For his part, Representative William J. Pascrell Jr., a Democrat from Paterson and a former mayor there, has opposed the trade policies of the Clinton and Bush administrations on the ground that they did not take into account the effect on American workers.

"It's costing Americans jobs, puts downward pressure on us in wages and working conditions, and it erodes the ability of the government to protect public health and the environment," Mr. Pascrell said. "And I really believe it contributes to political and economic instability."

In December, concern over nationwide unemployment seemed to ease somewhat with the release of a survey by the Institute of Supply Management indicating that manufacturing had risen to its highest level in 20 years after three years of layoffs. A new survey, made public this month, showed that factories were hiring more workers than at any time since 1987.

But despite a nationwide increase of 308,000 jobs in March -- the largest one-month rise since April 2000, according to the federal Labor Department -- manufacturing remained flat. Still, some economists saw this as a positive sign after a decline of 43 consecutive months.

By comparison, New Jersey's economy has performed fairly well, according to Governor McGreevey. Speaking at a meeting on the workforce at Rutgers last month, he said the state had added 54,200 jobs last year, making New Jersey fourth in the nation in job growth. He further noted that general employment was at its highest level since December 2000, with 4,012,500 jobs.

Nonetheless, New Jersey continues to lose manufacturing jobs: 9,000 from March 2003 to March 2004, in part because of the layoffs at Ford, even as the state added 12,900 new jobs in other areas of the economy, according to the state Department of Labor. Of the 4 million jobs in the state, manufacturing now accounts for only 344,800 of them.

"We have made the transition from manufacturing-based jobs to research-based knowledge jobs better than most," Mr. McGreevey said.

To meet the needs of business and the demands of global competition, he said he has called for an overhaul of the state's workforce development program by merging 27 job-training programs -- now run by three separate state agencies -- under the Labor Department, which is to be renamed the Department of Labor and Workforce Development this summer.

In addition, Mr. McGreevey has proposed streamlining the process for manufacturers through tax credits to modernize plants and equipment and remain competitive.

For now, the state's labor commissioner Albert G. Kroll, says that the decline in manufacturing has slowed. A study released by the department last month showed that over the last five years New Jersey -- compared with seven other large industrial states, including New York and Pennsylvania -- had the smallest decline in manufacturing jobs and from 2002 to 2003 lost fewer manufacturing jobs than the nation as a whole. Worker productivity, which allows manufacturers to stay competitive, was 6.4 percent higher than the national level.

"The real battle is not just to stem the decline but prevent it," Mr. Kroll said in a telephone interview. But the goal, he added, is to "see if we can attract some companies back into New Jersey or expand."

The state has been giving matching funds to small businesses to improve the skills of workers, he said. So far the administration has spent $44 million to train 80,000 workers at more than 350 companies, with 40 percent of the funds going toward manufacturers, he said.

But as welcome as these measures are, state policy toward business has come under criticism. A report by the national Council on State Taxation released by the State Chamber of Commerce said that New Jersey ranked sixth among states for the highest state and local business tax burden.

The report found that state and local taxes on business rose 15.6 percent from 2000 to 2003 as compared with taxes on individuals, which rose by 5.9 percent.

And a survey by the New Jersey Business and Industry Association, an employer association of 21,500 member companies, said the high cost of doing business in the state was a factor in manufacturing's decline.

"The issues that were most cited were taxes, both business taxes in New Jersey, which are the most unfair in the country, and soaring health costs and high property taxes," said Philip Kirschner, the association's president.

Both Mr. Kirschner and Joan Verplanck, president of the State Chamber of Commerce, criticized the continued suspension by the administration of a deduction that allows businesses to write off losses.

In addition, Ms. Verplanck said that unlike other states, there is no single agency in New Jersey for speedy resolution of relocation and expansion problems.

"There are places in the South where you can go to a central economic development agency and they can tell you property that fits the profile you're looking for and in most cases it's been pre-approved," Ms. Verplanck said. "So you can start construction within two weeks whereas in New Jersey it's 18 months to two years."

Responding to the criticism, Mr. Kroll said, "If their studies say New Jersey is the worst place to be, then how do you explain how New Jersey is leading the Northeast in job growth?"

Moreover, the Rutgers report by DeanHughes and Dr. Seneca noted that despite the loss of manufacturing jobs, the transformation to a service economy has had its benefits as well. For instance, New Jersey's per capita income rose from 16 percent higher than that of the nation in 1980 to 28 percent higher in 2002.

"One thing this suggests is that we're not worse off going through this transformation as a whole," said Dean Hughes, although "those caught in the transformation have been hurt."

He could have been speaking for the 800 workers at the Ford plant in Edison, a million-square-foot assembly facility on Route 1 that since 1948 produced 6.9 million cars and trucks beginning with the Lincoln and ending with the Ranger. It had won high performance awards up to the end, but in January 2002, Ford announced that the plant would be shut as part of a retrenchment plan -- along with plants in Ohio, Michigan, Missouri and Ontario -- costing a total of 35,000 workers their jobs.

Six-hundred people had already been laid off by its final day, Feb. 26, when the last two Rangers came off the assembly line and were raffled off to employees. Several days earlier, Ford announced in Detroit that it planned to build a second car manufacturing plant in Eastern China.

"It's disheartening," Jim Shaw, president of Local 980 of the United Auto Workers of America, said of the Edison closing. "I still think it's a bad decision but I have no bitterness toward Ford."

For the 57-year old Mr. Shaw -- who started on the assembly line in 1965 installing light switches -- and many others, the plant provided a chance for a better life not only for them but their children, who followed them at the plant. Three of Mr. Shaw's sons were employees there.

Joe Renna, who is 56, was looking forward to retirement, but in the ensuing months he found that he was bored. Financially he is set, he says, and he has been working on his boat, a 25-foot Chris Craft, and enjoying the time he spends with his 5-year-old grandson.

Still, he said: "I didn't know how my feelings were going to be. I know I'm not the only one going through it. I get a ton of calls from guys I worked with. I get at least 10 calls a day. We all talk about the same thing: 'how do you feel?'"

"It's like you're useless," he said.

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