

TODAY'S TEXTILE SCENE IN GREENVILLE COUNTY

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As you know, my assignment is to talk about the modern textile industry in Greenville County. This is quite different from the type of presentation you have enjoyed in past meetings because in a sense, I will be talking about tomorrow's history today rather than looking backwards. While my subject is the modern textile industry, historical perspective is important.¹

Cotton manufacturing in Greenville County was first recorded in the census of 1820 when some \$2,000 worth of goods was produced. About 1830, William Bates, a native of Massachusetts, established a cotton mill on the Greenville side of the Enoree River, called Batesville. This mill first produced "bunch yarn" for use by local hand weavers. However, Batesville added looms prior to the Civil War and during that war the mill was taken over by the Confederate Army. Then, in 1873, three men - Yankees again - George Putnam, George Hall and O. H. ampson, along with Vardry McBee, established the Vardry Mill which was later to become known as the first Camperdown Mill and was the first textile mill in the City of Greenville, located at the falls of the Reedy. In 1876, Col. Henry Pinckney Hammett, one of the Batesville owners, started up the Piedmont Manufacturing Company with 5,000 spindles and 112 looms.

The period just before and after the turn of the century saw the establishment of a number of mills bearing familiar names. In 1895, F. W. Poe Manufacturing Company and Mills Mill were founded. Then in the years from 1900 to 1912, came Brandon, Woodside, Monaghan, Union Bleachery, the Victor Mill in Greer, Duncan, and Judson. From that point on to the present, it was "go" all the way with the textile industry in Greenville County.

The method of financing these new mills was quite interesting. The founders sold stock locally to the extent they were

¹The source of information about the development of the textile industry in this county is Martha Shaw, "The Textile Industry in Greenville County, South Carolina," M. A. thesis, University of Tennessee, 1964.

able, then peddled the balance to Yankee machinery and selling agents. Needless to say, their interests were not always identical with those of the local stockholders. The fact is, however, that these mills were mostly organized and operated by local citizens who, in the main, had very little knowledge of textiles and very limited experience in textile manufacturing. Some of them went broke, but when I look around present-day Greenville, I have to conclude that some of them – and their stockholders – got rich.

From those small and shaky beginnings, the industry by 1970 had mushroomed into a huge, diversified industrial complex. There are some 870,000 spindles and more than 19,000 looms in county textile plants. Compare this with 1884 when there were 48,000 spindles and 770 looms. Today county textile firms employ about 21,000 people, nearly 13% of all the textile workers in the state. The payroll this year will be about \$100 million. In 1969, county textile companies manufactured products with a value of \$519 million, tops in South Carolina. Again, compare this with 1884 when the total value of textile products manufactured was \$2.4 million.

In 1969 alone, over \$170 million was invested by Greenville County textile companies in new plants, plant additions, and equipment. As recently as 1946, the total capital investment in county textile plants was \$39 million. There are 46 textile plants in the county and, if you include the four counties bordering Greenville County in South Carolina, there are a total of 170 textile plants. In the last five years, textile companies in Greenville County have spent over \$775 million on new plants, plant additions and machinery and equipment. Despite this tremendous investment, the county had only a net gain of three textile plants in that five-year period which demonstrates that the overwhelming proportion of capital spending went into existing textile facilities. These next figures are important too. There are 42 apparel plants, 31 textile machinery plants and 6 chemical plants in Greenville County. All of them are dependent on the textile industry and are here largely because of the concentration of textiles in this area of South Carolina. So it comes down to this – whatever you think of the textile industry, the people who own and manage and work in it, it is – so Spiro Agnew might say - inextricably intertwined

in your fortunes and your lives and what happens to it in future years is of critical importance to the people of this country.

Despite the fact that many of you have been long-time residents of Greenville, possibly life-long, I dare say that some of you may never have been inside a textile plant, or at least not in recent years. I am going to show you about eight minutes of a new ETV film called "Careers in Textiles," which in motion picture terminology is "fresh out of the can" and thus, is almost a preview showing. I think it will serve the purpose of showing you how the modern industry looks and that it is a far cry from the industry about which Charles Dickens wrote back in the 1800's.²

It is appropriate now to talk about some of the trends and problems which are facing the textile industry. Those familiar mills named earlier in the discussion of early textile history in Greenville County are now parts of larger organizations. This is really not surprising in view of the trend to merge and acquire. This has been going on in our industry for years; it was accelerated in the 1950's and it peaked in the 1960's. Why this interest in mergers and acquisitions? One basic reason — the need to diversify product lines so as to be more flexible in meeting changes in the textile market and to avoid being clobbered because a particular product faded from popularity.

Then in 1968 a strange thing happened. Virtually without notice and definitely without hearings, the Federal Trade Commission established arbitrary restrictions on what textile companies could do — or more significant, could not do — from the standpoint of acquiring and merging with other companies. In a recent article in *Fortune Magazine*, Rush Loving, Jr. comments:

The Federal Trade Commission also had issued a series of merger guidelines that inhibit the larger textile companies from further acquisitions. Most crippling of all the guidelines is the proviso that no merger should result in a company of more than \$300 million in annual sales. This ceiling is far too low for optimum efficiency. "With a diversified line," says one textile executive, "it's not too long before you reach

²Editor's note: At this point Mr. Cross showed the film featuring textile operations up through weaving.

\$300 million in sales. And only so many guys can stand on the same pinhead."³

Interestingly enough, Loving's article concerned textile imports and while he recognized some real problems in the present import picture, he took the position the real problem faced by the American textile industry in the artificial limitation imposed by the Federal Trade Commission. He concluded his article with this comment:

The American companies must be given the freedom to diversify and expand. Consolidation of the textile industry, which has barely begun, must be allowed to resume. Consolidation would give the American makers greater financial strength and, more important, a wider breadth of product lines. Today's ever shifting fashion and product trends all dictate that the mills hedge against the death of one product by having the expertise to produce and sell another. But it takes size to do this, and size is precisely what the FTC, without even the traditional benefit of a public hearing, has denied. The \$300-million limit on mergers was adopted two years ago after so little study that a member of the commission called it "instant guidelines."⁴

Those of us in the textile industry certainly do not agree with Mr. Loving in so far as his tepid position on imports is concerned, but we wholeheartedly concur with his strong criticism of the FTC.

Textile companies have recognized for a number of years the urgent need to diversify their product lines. Today's textile market may be described as big, dynamic, volatile, fluctuating, fascinating, frustrating, exciting, and other terms which would be equally appropriate. But words do not convey what the textile market is like as effectively as simply by showing you just a small sampling of current products. What I will show you happen to be Dan River products, but they are indicative of what is being produced by other companies and typical of the textile

³Rush Loving, Jr., "What the U. S. Textile Industry Really Needs," *Fortune*, LXXXII (October, 1970), 87.

⁴*Ibid.*, p. 166.

products manufactured in Greenville County.⁵ This sampling of products suggests some of the colorful styling and the new performance features which must be incorporated in today's textile products if they are to have acceptance in the market place. It must be apparent from these that we are in an era where the men want to be as fancy and colorful as the ladies.

Another development which requires brief identification is the whole broad area of social responsibility which is having an impact not only on textile companies, but on all other industries and on communities and the public generally. Social responsibility is not new to the textile industry, but the scope and power of what might be termed the revolutionary concern about people and the environment in the broadest sense is new. There has been so much about this in the press and on television that I need only mention consumerism and pollution as matters receiving unprecedented public and government attention.

In keeping with this growing concern with industry's social responsibility, minority employment is now becoming a very significant factor in the textile industry's work force. Just ten years ago, black employment represented about 3% of the textile work force. By 1969, this had jumped to over 14% of the work force, well above the 10% black employment for manufacturing in general. During the first six months in 1970, black employment was growing at a 21% rate and in a period when overall textile employment was declining. Based on the most recent figures, some 30,000 blacks were employed in

⁵ The speaker then displayed and commented on the following items:

1. A fashion table cloth made of Iston, a knit pile fabric first produced in one of the Woodside Division plants.
2. An assortment of Flatternit panty hose and of men's dress and sport hose.
3. High fashion, ladies red boots made of vinyl coated tricot.
4. Fancy men's shirts including a clip spot fabric, a pucker strip and a fancy print.
5. Two pairs of denim slacks, one a sculptured denim and the other a jacquard stripe denim.
6. A corduroy Norfolk jacket.
7. A man's printed terry cloth robe.
8. A man's suit made of tricot knit.
9. A half slip and bra combination in Antron III, a non-static, non-cling nylon fabric.
10. A two-piece cotton velour lounge suit.
11. A double-knit career apparel uniform.
12. Uniform of the Minnesota Vikings, a knit fabric.
13. A gift set of colorful printed sheets and pillow cases.

South Carolina textile plants and they represented about 20% of the work force. This vast increase in the employment of blacks is not a temporary phenomenon. Already, it has opened up opportunities for minority people and many more opportunities will open up for them in the future.

Now we come to the subject of imports. The textile industry already had plenty of competitive problems — between companies within the industry and with other industries such as plastics and paper which make products which can and do replace textiles. But all of this pales into insignificance when viewed in the light of imports. In rather frightening words of John M. Mecklin writes in a recent article in *Fortune*:

In Taegu, South Korea, a booming textile factory is besieged by workers attracted by wages at the unprecedented rate of \$40 a month. On the docks and harbor junks of Singapore, Chinese workers in shorts and T-shirts wrestle with crates of garments stenciled with addresses like Omaha and Kalamazoo . . . In Hong Kong, hundreds of mini-skirted girls are deserting jobs as *amahs* (domestic servants) to become *kung chong mui* (factory sisters).

The resulting of Asian exports, especially from Japan and especially to the U. S., is creating new stresses in the world market . . .

Of course, the main explanation of the Asians' success is the competitive advantage they realize from the gap between Asian and American wages. For example, U. S. workers average \$2.43 an hour in yarn and fabric plants, compared to an average of 11 cents an hour in South Korea, Pakistan, and Taiwan, 15 cents in India, 31 cents in Hong Kong, and 45 cents in Japan. But cheap labor is only part of the story. During the past few years the productivity of many Asian textile workers has been raised to the same level as that of American workers through the introduction of modern plants and technology.⁶

Later in the article, Mecklin puts his finger on the escalating problem of manmade fiber imports.

Worst hit has been the relatively new market for clothing made of man-made fibers. During the ten years to 1969, U. S. imports of synthetics, mostly from Asia, soared nearly 1,200 percent,

⁶ John M. Mecklin, "Asia's Great Leap in Textiles," *Fortune*, LXXXII (October, 1970), 77.

from \$54 million to \$695 million. Today they represent at least half of American synthetic consumption in some categories. Imports of sweaters made from synthetics jumped astonishingly during the past five years from 6,156,000 to 85,716,000, knit trousers from 192,000 to 18,156,000 and woven shirts from 5,760,000 to 83,400,000. Wool and cotton imports, from Asia have also been climbing steadily for years but less explosively.⁷

In a similar vein a second writer in *Fortune*, Rush Loving, points out:

Manufacturers point to the fact that many Japanese clothes are sold at higher retail prices in Japan than here, thereby raising the suspicion of dumping, which is extremely difficult to prove. Nevertheless, there is just cause for concern, because the Japanese have admitted using dumping as a tactic in the past . . . Certainly the whole thrust of their export drive, which enjoys a wide range of government tax and credit incentives, appears directed toward driving competitors out of business in selected product lines.⁸

When *Fortune Magazine* even admits there is a problem of textile imports, it must be a serious problem because *Fortune* and its parent, Time, Inc., are strongly oriented to free trade. After all, they are in a business where import competition does not exist and it is easier to take a free trade position when your ox is not gored by imports.

Other statistics reinforce those already cited from the *Fortune* articles. So far this year, the level of imports is at an annual rate of 4.4 billion equivalent square yards, more than double the rate in 1965 and three times the rate in 1960. The unfavorable textile import balance is running at an annual rate of \$1.4 billion. The current level of imports is estimated to equal 300,000 textile-apparel jobs. In the past 18 months, something like 85,000 workers have lost their jobs because of imports. Imports are having a tremendous impact on the textile industry in South Carolina, since more than 160,000 people are employed in textiles in this state and the textile-apparel complex paid 66% of South Carolina's total industrial wages last year.

⁷ *Ibid.*, p. 138.

⁸ Rush Loving, Jr., "What the U. S. Textile Industry Really Needs," *Fortune*, LXXXII (October, 1970), 161.

If this awesome problem is to be resolved, it seems clear that legislative action is the only course. The United States industry is using all the resources at its command to attempt to win favorable action on legislation introduced by Congressman Wilbur D. Mills, Chairman of the House Ways and Means Committee. The objective of this bill — the whole thrust of this legislation — is to bring Japan, Hong Kong, Taiwan, and other nations to the bargaining table to negotiate reasonable arrangements which will provide for orderly growth of the American textile market with full participation in our markets by foreign nations. It is not expected to cause a roll-back in textile imports nor to halt the long-term trend of increase imports. Greenville's textile industry is modern, and it is big, diversified, and strong — the life blood of this county. Second, it is at a critical point in its history which now extends over some 150 years — just half the age of South Carolina. Third, where it goes from here will depend, of course, on all the internal attributes which make companies and industries grow and prosper. But, not only that — “something has got to give” in lifting the artificial shackles which limit the size and form of a particular company and much more pressing — and immediately pressing — “something has got to give” on imports.