"CANARIES IN THE COAL MINE:" THE DEINDUSTRIALIZATION OF NEW ENGLAND AND THE RISE OF THE GLOBAL ECONOMY, 1923-1975

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ABSTRACT

This essay discusses the process that led to the decline of New England's traditional industries and to the creation of its depressed milltowns. It argues that the decline of the New England textile and shoe industries was part of the maturation of industrial capitalism. This deindustrialization had a long-term structural impact on the local economies of many New England communities and would have implications for other industries and communities in the creation of the global economy. These depressed milltowns were the first casualties of a strategy of capital mobility that would become institutionalized in the multinational corporation and the global economy.

New England historians have much to contribute to the understanding of the development of the global economy and the capital mobility and deindustrialization which accompanied it. Political scientists and economists have emphasized the decline of the steel and auto industries in the 1970s in their description of the deindustrialization of the United States.[1] Insufficient attention has been paid in the last two decades to the decline of the traditional New England industries nearly fifty years earlier.[2] Deindustrialization, or the process of disinvestment in American manufacturing and the mobility of capital which ensues, was initiated first in the maturing textile and shoe industries of New England. Likewise, the social impact of local disinvestment was felt first in what became New England's depressed milltowns. The following discusses the process that led to the decline of New England's traditional industries and to the creation of its depressed milltowns. It argues that the decline of the New England textile and shoe industries was part of the maturation of industrial capitalism and the restructuring of the national economy. Both had a long-term structural impact on the local economies of many New England communities and their fate had implications for other industries and communities in the creation of the global economy.

New England was undoubtedly the birthplace of the Industrial Revolution in the United States; and textiles was the leading industry. It is not surprising, then, to find that the maturation of industrial capitalism would manifest itself here first. The earliest inventors and investors in the American textile industry, the Boston Associates, owed part of their success to the fact that they were not, in fact, the "Fathers" of the Industrial Revolution but heirs to more than a half-century of British industrialism. They benefited from generations of British innovation and technology. As early as 1850, new technology and an integrated mill system used in places like Waltham, Lowell, and Fall

River, competed successfully with the aging British system and eventually made much of it obsolete. By 1870, the United States, with its industries largely concentrated in New England and the Northeast, had become a formidable industrial power. The British were soon penalized by their own pioneering success; a phenomenon Thorstein Veblen termed in 1915 "the penalty of taking the lead."[3]

This story would repeat itself in what might be described as the historic course of industrial capitalism or the maturation of an industrial power.[4] In 1890, the aging New England textile industry faced competition from a nascent textile industry in the South. By 1923, New England innovators like Lowell, Lawrence, and Fall River could barely compete with a Southern textile industry consisting of new machines, new technology, new production methods, a new cheap source of migratory labor, and a newly-built infrastructure catering to the southern millowners' needs. In the postwar era, the continued southern migration of the textile and shoe industries helped to create an emerging "Sunbelt" prosperity, while economically stagnant New England became known as the "Snowbelt" or, more ominously, as the "Frostbelt." Yet by 1970, the southern textile industry itself fell victim to a growing competition; this time by investment and labor in newly industrialized countries around the globe. In the course of industrial capitalism, industry tends to find initial advantage in local concentration but decentralization tends to follow maturation.[5] For this reason, capital mobility might be said to come in waves, with the 1920s witnessing a significant rise and the 1970s reaching an unprecedented height.

Government policies played a significant role in the regional mobility of capital. Federal tax policies which favored depreciation over modernization created a financial incentive to stockholders to allow many New England mills to become obsolete. Rather than promoting reinvestment in existing plants, tax policies by the 1920s encouraged liquidations by taxing capital gains (at time of sale) at a lower rate than income (profits via dividends). Tax policies also rewarded the building of brand new plants but not the rehabilitation of existing ones. In addition, the 1920s initiated an ongoing relaxation of tariffs which had allowed the textile and shoe industries to become profitable in the first place. In the postwar era, the Interstate Highway Act of 1956 initiated a dramatic shift of businesses away from mature regions and exacerbated the interstate movement of jobs and capital to new low-cost locations. The federal government also encouraged the international mobility of capital through the Marshall Plan which linked national security with the international spread of capitalism and assisted in corporate investment abroad. Tax incentives included measures that allowed American companies to delay taxes on profits rolled back into the foreign investment.[6]

Several other competitive factors made the South and later Latin America and Asia increasingly more attractive as a manufacturing site for the textile industry. For instance, beginning in the early 20th century, southern communities offered incentives such as tax abatements, government bonds, and free land grants to lure corporate investment to the industrializing South. In the postwar era, "Right to Work" laws combined with the failure of the union movement to significantly unionize southern workers, virtually guaranteeing employers lower labor costs. Then, foreign competition lured American capital with promises of cheap labor and high profits, making the global mobility of capital and the creation of a global economy emerge in the wake of World War II.

As the federal government and Southern communities encouraged the mobility of capital, New England lost its initial locational advantage. The earliest textile mills were located along New England's great rivers and falls, harnessing their waterpower to operate the machinery without the pollution so characteristic of England's manufacturing centers like Manchester. By 1880, however, most of the New England textile mills were supplanting the less efficient waterpower with more reliable steampower and, eventually, electricity. Now factories could be built virtually anywhere, especially further South where they would be closer to the supply of raw materials — cotton for weaving and coal for fuel. In the process, additional transportation costs would be saved by bringing the factories closer to the rest of the national market. Other New England handicaps included its higher fuel and power costs, and higher rates of corporate taxation.

The most legendary explanation for the mobility of the textile and shoe industries out of New England is the militancy of its laborers. Indeed, throughout the history of both industries there were labor turnouts or strikes and a tradition of craft unionism. For instance, as early as 1824 young women working in textile mills in Pawtucket, Rhode Island, went out on strike protesting a 25% wage cut. In 1834 and 1836, women workers in Lowell similarly turned-out in an attempt to resist the exploitation of their labor and the injustices of inadequate profit-sharing.[7] In 1845, the Lowell-based labor newspaper *The Voice of Industry* declared "We want a peaceful, industrial revolution, a revolution inspired by principle and love of right instead of passion and might, the result of which will ever insure to the industrious the fruits of their labor."[8] The "Golden Age" of America's premier textile city had passed as profit supplanted altruism and permanently reshaped the early paternalistic system.[9]

New England's shoe workers also had a long history of labor activism, especially in the post-Civil War years and the heyday of the Knights and Daughters of St. Crispin. There were early labor protests in the 1830s in Essex County, Massachusetts, the center of the emerging shoe industry. The regional shoe strike of 1860 marked a significant development in collective protest. Two important shoe strikes in 1895 and 1903 combined with the organization of the national Boot and Shoe Workers' Union to challenge the political economy at the turn of the century. But, like the region's textile workers, New England shoeworkers found limited success as capitalists maintained hegemony. Early on in the maturation of industrial capitalism, the separate interests of capital and labor became increasingly disparate. New England's textile and shoe workers challenged the new capitalist class as the legitimate heirs to republican virtue. From the onset workers protested; but from the onset management would not recoil.[10]

While much of labor's activism in New England was intermittent and unsuccessful, it was here that workers first accomplished protective labor legislation. Higher standards of living were first achieved by labor in New England and in the Northeast of the United States. Not surprisingly, Massachusetts, the center of both the textile and shoe industries in New England and in the country, was the leader in setting minimum standards. Early on, in 1842, the Massachusetts legislature passed a ten-hour law for children under twelve.[11] After nearly thirty years of agitation, the state legislature passed a Ten Hour Law for women and children in 1874. In the 1870s, it was the first state in the nation to attempt to quantify the unemployed; the first in the 1890s to create a Board to Investigate the Subject of the Unemployed; and, in 1916, the first state to consider the passage of a statewide unemployment insurance program.[12]

The working-class consciousness or culture that developed in Massachusetts and other New England towns brought with it higher wages, shorter work weeks, safety legislation, and social benefits that created higher costs than otherwise. While unions themselves were not overly effective, by the turn of the century the working-class had managed to shape the political economy by creating a public conscience with responsibility for laboring citizens. Other communities and workers around the country owe the improvement of their welfare, in part, to the success achieved first in New England. For business, this progress added up to higher labor costs which it would repeatedly seek to reduce.

The history of New England's textile industry strongly supports the argument that industrial management consistently sought to maximize its extraction of profits primarily from labor. As early as the 1830s, when competition in textiles cropped up all over New England and the Northeast, the textile mills cut wages, lengthened the workday, raised boardinghouse fees, sped up machinery, and increased workloads to remain profitable — all the while continuing to pay stockholders generous dividends. As the century wore on, time management studies, increased mechanization, and low pay continued the efforts at squeezing profits out of labor. In the face of what must have seemed like a never-ending supply of immigrant labor, the mills continually fought the craft unions and actively recruited immigrants as a source of cheap, docile labor. It is an unlikely coincidence that the textile migration out of New England was concentrated in the period immediately following the National Origins Act of 1924 which severely restricted the movement of immigrant labor into the United States. In the face of this loss of a continual supply of tractable labor, the textile industry became highly mobile in search of a new source of cheap labor — this time among southern farm workers displaced by mechanization and agricultural depression.[13]

While government policies and corporate strategies led to the disinvestment of many northern milltowns, the New England experience also suggests that organized labor played a role in the mobility of capital. For instance, in examining the extensive records related to the closing of Lowell's Boott mill in 1954,[14] union strategies seem to have provoked managerial antagonism and ignored local labor interests in favor of a national union agenda. For instance, the issue of workloads and the union's resistance to increases was repeatedly the focus of contention. Because workers at the Boott and many other northern mills were less productive than their southern counterparts, management continually sought scientific motion studies and increased workloads as a means of increasing profitability.[15] After testifying during the 1947 strike that increased workloads were impossible, Boott employees, having received the pay increases they sought, improved their workloads without incident immediately upon returning to their jobs. Workloads were increased several times over the next seven years with similar union protestation followed by a pay increase and acquiescence. Management repeatedly questioned the good faith of this strategy, which may, of course, be intrinsic to any process of negotiation.

The interest of the Boott mill workers themselves was not always served by the structure and strategy of the national organization of the Textile Workers Union of America, a C.I.O. affiliate. To begin with, policy was decided at the national level and negotiators came out of these ranks not from Boott employees. With a high turnover rate of six union directors and five business agents between 1942 and 1949, negotiators were not familiar, nor possibly interested, in the specifics of the Boott corporation. They were unwilling to sign a collective bargaining agreement that did not meet with the approval of the national office. The national strategy was to provide for near uniform union agreements without consideration to specific needs of a single mill corporation or a local laborforce. Out of fear of setting a bad contract precedent, national union officials were willing to sacrifice the Boott mill in 1954 when its management called for a wagecut to keep the mill open and the union refused. With only 75% of the Boott's workers voting for the union in 1948, compared to 98% in many other northern mills in the area, many of Lowell's workers seemed to be alienated by the national union strategy and more interested in keeping their jobs. If the unions had focused their attention on gaining national labor standards, instead of on pay increases and workloads, capital mobility would have been less attractive as a source of business profits.[16] However, while the role of unions in the mobility of capital must be recognized, too much emphasis should not be placed on labor's desire for a fair wage and healthy and safe workloads as an undue burden on corporate profitability. Remember, the Boott Mill and many other New England plants which closed or relocated were, in fact, profitable.

Too much should not be made of the collective demands of labor or of the handicaps New England textile firms faced in wielding a profit. The failure of many New England mills to reinvest in their own facilities was critical in sealing the fate for many textile mills whose obsolete plants and equipment contributed to low rates of productivity and, hence, lower rates of profit.[17] Most New England textile mills faced a falling rate of profit but were not, in fact, unprofitable. New England's mills were not simply "runaway shops" — the reality is that a series of merger movements, consolidations, and liquidations of profitable mills in the 1920s and 1950s led to the closing of most mill gates in New England towns. It was usually new mills which opened in the South with new combinations of capital, but often with northern capital drained from New England communities. As William Hartford writes, "the distinction between liquidation and migration was in many cases meaningless."[18] The declining rate of profit (which some economists suggest is inevitable in the maturation of an industry[19]) led to pressures from major stockholders, especially from the banking industry, to liquidate individual mills and yield significant capital gains for investors. Not surprisingly, it was many of the smaller, family-owned mills that survived. The decline and not disappearance of the textile industry in New England attests to the fact that profit could still be made when and where there was a will.

The myth that "big labor"[20] was responsible for the closing of New England's textile mills distorts the power that unions actually employed and deflects attention away from corporate strategies to discipline labor and maintain hegemony. To begin with, the 1920s witnessed the greatest decline of New England's textile industry, yet most textile workers were not unionized until after World War II. Corporations were transferring capital before a labor movement could become a formidable institution. In the postwar period, union workers and host communities frequently made concessions to employers in an attempt to keep their textile jobs. For instance, at the Bates Manufacturing in Biddeford-Saco, Maine, workers agreed to a 6 1/2% hourly wage cut in 1952 and the city of Saco granted the company a $10,000 tax reduction (on a property tax bill of $74,000) in 1956. Despite these pro-business efforts and despite reporting a considerable profit in its final year, closing orders were given in 1957 and 1,000 workers were left without a job.[21] In another example, 80% of the employees at Lowell's Merrimack Mills "voted to voluntarily cut their wages to save this company"[22] but to no avail, the Merrimack closed its doors for good shortly thereafter in 1958.

Many business interests publicly deflected attention away from corporate behavior by blaming unions for the decision to close profitable mills. The saga of the closing of the Boott Mill in Lowell is illustrative of this point. In 1948, a report by management noted, "Boott's success in reducing cost would have been greater if it had had the Nashua's [one of Textron's mills] advantage of being able to tell the Union that Boott would move out of town if the Union did not deliver." Still, it adds, "The Nashua lesson [of a national firm that closed its northern operation] is sinking in among Boott employees, and helps if anything Boott's strong hand in the method it is employing."[23] Before this anchor mill sold out in 1954, the union had agreed over the last seven years to several increases in workloads along with a pay cut and the community had granted tax abatements as well. Nonetheless, its management blamed the union and its uncooperativeness for "forcing" the mill to close. After initiating a policy of outsourcing (buying unfinished goods from another factory) and just a few months before liquidation was *a fete accompli*, Boott management reported to the Board of Directors, that no ultimatums of closing down were made to the Union, "We have not gone beyond saying that they were 'forcing' us to discontinue manufacturing."[24] Management's use of quotations around the word "forcing" reveals its own agency and understanding of the complexity of the matter but its willingness to put the onus on the Union. In reality, the Boott mill was obsolete, its closing had long been in sight, and management later admitted privately that there was nothing labor could have done by then to save the mill.[25]

Corporate decisionmaking to limit the costs and power of labor was paramount in the course of the history of the textile industry. In the late nineteenth century, this took the form of downsizing. In 1890, the downsizing of labor began in New England. For instance, that year marked the peak of textile mill employment in Lowell with 17,148 workers. While the number of spindles would continue to increase until 1923, the number of employees began to gradually decrease. This was due largely to increased workloads and to technological innovations which purposely reduced the need for labor. The value of goods produced continued to increase from $23,251,538 in 1890 to $73,593,623 in 1918, by which time the number of workers had been reduced to 13,964.[26] This corporate downsizing of the labor force was an historic step in the managerial policies of the textile industry. Downsizing was followed by capital migration.

The departure of New England's textile firms beginning in the 1920s heralded the maturation of the modern corporation, with its absentee ownership, professional managerialism, and oligopolistic tendencies. New England's maturing economy of the 1920s signaled important historic changes: capital was reorganizing, regional shifts were occurring, and the national economy was restructuring. If several competitive factors made the South and later undeveloped regions around the globe increasingly more attractive as a manufacturing site for the textile industry (and later shoes), the increased mobility of capital in the 20th century made it possible. A series of merger movements, the creation of large conglomerates, the transportation and communication revolutions, the development of an international money market and the availability of credit, technological advances and the de-skilling of some industries, all contributed to the ever-increasing liquidity and mobility of capital over the twentieth century.

A turning point in New England's economic history and in the mobility of the textile industry came in the wake of World War I. The artificial demand created by the mobilization for war led to massive overproduction by the war's end and to a decline in profit margins. The New England textile interests frequently lamented the problem of overcapacity and unsuccessfully sought regulatory help from the federal government. In a sense, efficiency itself led to declining prices and lower profits. A quick and massive restructuring of the New England textile industry followed with the interwar merger movement and the regional transfer of industry. By 1923, America's first mechanized industry, textiles, had matured and the process of deindustrialization had begun in the maturing textile communities of New England. The region's share of manufacturing in general and textiles in particular declined significantly. From 1919 to 1939, the national economic structure showed a loss of 3.2% of its manufacturing jobs, with New England losing almost 26% or 390,000 manufacturing jobs.[27] Job losses in textiles and shoes, at 156,000 and 46,000 jobs respectively, accounted for most of the decline.[28] While New England textile firms had accounted for some 80% of all cotton textile spindles in the United States in 1900, they held only 24% by 1940.[29] Much of this loss was concentrated in certain areas of New England, especially in Massachusetts which alone suffered a loss of 45% of its textile jobs during this timeperiod.[30] While the new strategy of mobility was a coup for swift corporate profits, it created a crisis for many New England communities.

In the process of deindustrialization, local restructuring was often a slow and painful process for many New England cities and towns. The impact of the decline was clearly uneven, with most of Connecticut in particular experiencing little turmoil while the local economies of many milltowns in Eastern and Southern Massachusetts and Rhode Island, where the textile industry was concentrated, were severely depressed by 1925. According to one study conducted in 1929, "of a total of 90 New England cotton mill liquidations between 1921 and 1928, 55 were in Massachusetts, 20 in Rhode Island and only one in Maine."[31] Places like Lowell, where the city lost 10,050 jobs as a result of five textile mill liquidations between 1927 and 1929, had become chronically depressed;[32] this despite the fact that nationally the years were highly prosperous. This was exacerbated during the national depression of the 1930s, when reportedly 45% of Lowell's residents received some form of government assistance.[33] Other New England areas suffered their greatest losses in the postwar period. For instance, Essex county in Massachusetts was still a textile center in 1949 but had lost 84% of its mill jobs by 1962.[34] In 1949, the city of Lawrence had an unemployment rate of 26%, New Bedford had 18%, Fall River and Lowell both had 20% unemployment. Clearly, the maturation of industrial capitalism had specific negative local consequences for the economic vitality of many New England communities and for the livelihood and welfare of its workers. In the Veblen vein, they suffered the penalty of taking the lead.

While the fate of the New England textile industry had been sealed in the interwar period, the industry continued to dominate in many New England towns in the postwar era and deindustrialization continued to wreak havoc on the region. World War II created a brief respite for many communities, but had the same impact of overcapacity that World War I had on the industry. From 1949 to 1956, another wave of mergers, liquidations, and plant closings dealt a heavy blow to workers and communities and resulted in the loss of 63,000 textile jobs, after a brief stimulus created early in the Korean War. In that short period, approximately 140 mills were liquidated in Massachusetts and Rhode Island. More than 60% of the 281,000 textile jobs in New England in 1939 had disappeared by 1962.[35] According to Estall, "At the close of the Second World War New England still had about 23 per cent of all textile mill workers in the U.S.A., but by 1962 it had only some 12 per cent."[36] While there were 280,000 textile jobs in the area in 1947, this figure had dwindled to 99,000 by 1964.[37] Yet, the textile industry still ranked third in employment among the region's manufacturing industries and first or second for many communities.

As the textile industry began its local disinvestment and workers were desperate for employment, other opportunistic industries were attracted to the available labor pool offered by New England's mill cities. In the process, some local economies became much more diversified than in earlier years, others just transferred their dependence. For instance, Lowell's shoe industry expanded and became the city's second largest employer in the twentieth century. The first shoe company, Pilling Shoe, opened its doors in Lowell in 1887. By 1910, the city's promotional literature boasted that the shoe industry was valued at $3,670,000 with labor earnings of $734,000. Its 11 shoe manufactures were said to be making an average of 13,000 shoes per day and employing some 1,765 workers daily.[38] But the greatest growth of this industry came on the heels of the collapse of the textile industry in the 1920s. As Edward Rocha writes, the decline of the textile industry "made low-rent factory space in the city increasingly available to the shoe industry and created unemployed workers who were willing to work at low wages."[39] By 1932, the Chamber of Commerce reported the local shoe industry employed 4,000 with a yearly payroll of $3 to $3.5 million.[40] The expansion of the shoe industry to depressed textile towns was a common occurrence. Estall notes the "attractive locational feature" of displaced millworkers, especially "the existence of a pool of unemployed, or underemployed, tractable and trainable female labour."[41]

In familiar corporate strategy, the 20th-century shoe companies frequently threatened to leave communities to seek cheaper more docile labor elsewhere. A citywide shoe strike in the city of Lowell in 1933, led by the Shoe Workers' Protective Union, confronted the shoe employers with their poor working conditions and meager wages. Throughout the strike, workers faced "reports of other cities negotiating with the manufacturers to relocate, and the renewed threats by the manufacturers to re-locate their shops."[42] After striking from April 7th to May 26th, the workers found a limited victory but one tempered by the exodus of two large manufacturers.[43] Remaining companies like Federal Shoe continued to complain about small profits and threatened to leave the city. This threat of mobility led Lowell shoeworkers to agree to a 10% wage cut in 1938. Yet, in 1939 the Federal Shoe Co., which employed some five hundred workers, once again threatened to move its operation to Lewiston, Maine. According to one newspaper account, union and local officials "procured cheaper rent for the company" and "negotiated for a lower power and lighting rate for the company" in response to the plea for corporate subsidies.[44] Despite these efforts, the Federal Shoe Co., in familiar political posturing, blamed the union for the decision to move its operations a few years later.

Due to the practice of leasing machinery in the shoe industry, there was no burden of the ownership of obsolete plants. Mobility was much cheaper than it was for highly capitalized industries like textiles. Therefore, this "footloose industry," which frequently used mobility in its search for higher profits, could and did move in and out of New England towns with short notice.[45] Like the textile interests, shoe companies were distinctly anti-union and deliberately chose to recombine or relocate their operations to areas where labor was more docile; thus, labor costs could be reduced in an effort to secure desired rates of profit. This mobility combined with the industry's heavy reliance on seasonal employment to make the shoe industry an unstable source of employment in many communities even before the industry showed a rapid decline in local importance in the postwar era.

Industrial maturation and corporate dislocation came to characterize the shoe industry in the postwar era. While only beginning to show the tendencies of the textile industry, the leather and leather product industries lost some 10,000 jobs in New England between 1939 and 1958.[46] In 1963, the shoe industry still ranked fourth in total New England employment providing some 100,400 jobs. Massachusetts remained the center of employment with 68% of the shoe establishments located there.[47] But the mass migration of the shoe industry was significantly stepped up in the 1960s and 70s. Unlike textiles where capital moved to the South, the shoe industry frequently moved within New England to low-cost, low-wage areas, particularly to communities where the impact of the decline of textiles was acute. Maine and New Hampshire became areas of growth for the shoe industry. Between 1949 and 1962, these two states lost some 14,000 textile jobs but gained almost 8,000 shoe and leather jobs.[48] Not surprisingly, wages in Maine were considerably lower than that found in the traditional but declining centers like Lynn, Salem, and Haverhill.

Local dependence on the shoe industry, whether old or new, would be devastating for many communities when the industry nearly collapsed beginning in the late 1960s, largely due to increasing foreign competition. Throughout the course of the postwar era, textiles and shoes became increasingly vulnerable to imports. From 1958 to 1966, textile imports rose 115% to $941 million (with exports rising only 20% to $405 million.)[49] The Kennedy Round Trade Talks in Geneva of 1967 substantially reduced duties on textiles and may have sealed the fate of this traditional U.S. industry. Foreign competition in the shoe industry was also increasing very rapidly, especially competition from low-wage production areas in Italy, Spain, Japan, and Puerto Rico. After 1970, according to historian Bennett Harrison, "many smaller [New England] shoe manufacturers shifted into distribution of imports and out of production."[50]

As a result of the restructuring of its economic base, New England became a low-wage manufacturing region. Indeed, with the onset of deindustrialization the average manufacturing wage in New England declined relative to the nation. In 1947, New England manufacturers paid their workers 95.7% of the national average, in 1954 they paid 93.0%, and by 1958 it was reduced to 92.3% of the national average.[51] By 1967, 53.8% of New England's industries paid lower wages than that paid in other regions around the country.[52] Regions within New England that experienced high unemployment were particularly vulnerable to low wages. From 1948 to 1960, every New England labor market where the unemployment rate was higher than 6% more than one-third of the time (mostly depressed textile towns) experienced declining wages relative to the national average for the same industries.[53] Downward wage pressure was felt in the area's shoe industry, which by 1960 paid hourly wages 17% below the average for all manufacturing in the region. Downward wage pressure for American workers is a common feature of downsizing, deindustrialization, and the rise of the global economy.

Displaced workers were particularly hard-hit by deindustrialization and the restructuring of the New England economy. Studies by William Miernyk (1955), William Devino et al. (1966), and Bennett Harrison (1982) reveal that displaced workers were not readily absorbed into the local economy. They experienced high rates of structural unemployment. Women workers and older workers, especially those over 55 years of age, suffered the highest rates and longest periods of unemployment. They also experienced the greatest downward wage pressure. For instance, Miernyk found that 65% of all workers and 83% of female workers displaced by the closing of Lowell's Boott Mill were earning less in their new jobs. Many workers over 55 found themselves involuntarily retired. While optimists lauded the transition to high tech and service jobs, the textile and shoe industries actually paid higher wages, averaging $ 1.42 per hour in 1952 compared to only $ 1.34 for durables like electronics and a mere $ 1.20 for the service industries.[54] The economic restructuring of New England left workers vulnerable to downward wage pressure, high unemployment, and economic insecurity. Despite a diversification of its economic structure and the demonstrated ability of New England workers to adjust to technological change, idle capacity continued to plague many communities for the majority of years between 1947 and 1975.

During much of this time, New England's depressed milltowns with their structural unemployment and obsolete infrastructure were considered anomalies amid the fantastic growth and performance of the U.S. economy in the postwar era. The larger picture of the forces behind the New England textile industry's decline and the implications it had for the future of other industries was not evident to most scholars or citizens in the 1950s and 1960s. In the context of a national economic boom, textiles and shoes were described as merely "sunset industries" being replaced by new "sunrise industries" such as electronics. In his 1952 "Report of the New England Textile Industry," Seymour Harris referred to the old milltowns as "depression islands in a sea of prosperity."[55] Depressed communities were considered remnants of the past created and obscured by "progress" or "economic Darwinism." Instead of national outrage at the fate of so many milltowns, these communities were looked upon with suspicion and embarrassment for not sharing in the postwar national economic boom. Indeed, to question the social justice of postwar economic growth was unpatriotic and communistic. As a result, national economic policy virtually ignored New England's depressed communities throughout the 1940s and the 1950s.

Yet, in many ways the deindustrialization of New England's textile and shoe industries were "canaries in the coal mine," the first casualties of a capital mobility that would become institutionalized in the multi-national corporation and the global economy. The early deindustrialization of New England provides overwhelming evidence that central to an understanding of the emerging global competition for United States workers is a maturing industrial capitalism which impacted first in the textile industries and towns, and later reverberated in other industries and regions around the country and globe. This maturing industrial capitalism is characterized by but not limited to: a product life cycle ending in profit squeeze, a bureaucratic managerialism far removed from production, a financial commitment to maximizing short-term profits and current stock value, advanced technology minimizing skill and geographic location, the replacement of geographic concentration with the frequent use of capital mobility, and the continual search for lower labor costs as the primary source of profits.

As a leader in America's industrialization, the history of the decline of New England's chief industries, textiles and shoes, is crucial to the historic understanding of deindustrialization, globalization, and national economic restructuring which are responsible for the current insecurity of American workers and the plight of so many depressed communities today. The history of both the textile and shoe industries indicate that corporations frequently implicated "unreasonable" unions and a "bad business climate" for their "unprofitability" when, in fact, the mills were profitable, labor had recently made several concessions, communities had scrambled for tax and utility breaks, and the decision to close or move the plant had long been decided upon. In the maturing industrial economy, downsizing, the mobility of capital, and the threat of mobility followed earlier managerial strategies to break the power and the unity of industrial unions and to discipline labor in general. These strategies would later play themselves out in other American manufacturing industries and their host communities. Mergers, acquisitions, liquidations, decentralization, downsizing, and capital flight became characteristic of the "new managerialism" which emerged in the early 20th-century textile industry. This managerial strategy became commonplace in the postwar corporate structure of the new global economy. In the 1950s and 1960s, several small electronics firms moved in and out of places like Lowell and Lawrence as the industry scrambled for advantages in its early years. Unlike capital-intensive industries, labor-intensive industries can readily move around to maximize advantage and profit. In the 1980s and 1990s, many of these high-tech companies downsized, threatened to move, and/or moved out of their host communities. While some New England towns and communities would rebound, others like Lowell, Massachusetts would continue to face severe ups and downs in the 1980s and 90s, and still others like Lawrence, Massachusetts have suffered almost uninterrupted high unemployment and high poverty rates.

Notes

1. The classic work on deindustrialization, Barry Bluestone and Bennet Harrison, *The Deindustrialization of America* (New York: Basic Books, 1982), focuses primarily on the 1970s.

2. The best works on this subject include William Hartford's "Unions, Labor Markets and Deindustrialization" and Bennett Harrison and Jean Kluver, "Deindustrialization and Regional Restructuring in Massachusetts," both in *Deindustrialization and Regional Economic Transformation,* ed. Lloyd Rodwin and Hikehiko Sazanami (Boston: Unwin Hyman, 1989).

3. Paul Blumberg, *Inequality in an Age of Decline* (New York: Oxford University Press, 1980), 167.

4. I use the phrase "maturation of an industrial power" to mean the course that industrial capitalism actually took and not to suggest that the course was inevitable and uncontrollable.

5. For a summary of this argument see the "Introduction" of Gene Summers, ed., *Deindustrialization: Restructuring the Economy* (Beverly Hills: Sage Publications, 1984) and Ann Markusen, *Regions: The Economics and Politics of Territory* (Totowa, NJ: Rowman & Littlefield, 1987).

6. See Bluestone and Harrison, *The Deindustrialization of America.*

7. See Thomas Dublin, *Women and Work* (New York: Columbia University Press, 1979).

8. *The Voice of Industry*, Lowell, MA, November 7, 1845, p. 2, col. 4.

9. Robert Dalzell argues in *The Enterprising Elite* (Cambridge, MA: Harvard University Press, 1987) that preserving their privileged economic status was the motivating factor behind the Boston Associates' decisions. Also, the premature death of Francis Cabot Lowell became the deathknell of his utopian vision.

10. See Mary H. Blewett, *Men, Women, and Work: Class, Gender, and Protest in the New England Shoe Industry, 1780-1910* (Urbana: University of Illinois Press, 1988) and Allan Dawley, *Class and Community* (Cambridge, MA: Harvard University Press, 1976).

11. Edith Abbott, *Women in Industry: A Study in American Economic History* (New York: D. Appleton and Company, 1910), 343; although Abbott writes that the Massachusetts law was initially "ineffectual."

12. Alexander Keyssar, *Out of Work: The First Century of Unemployment in Massachusetts* (Cambridge: Cambridge University Press, 1986), 299.

13. With the emergence of southern labor consciousness, the global mobility of capital (and the threat of mobility) became management's answer to the "labor problem."

14. This information comes form monthly Treasurer's Reports on the Boott Mill to be found in the Flather Collection at the Center for Lowell History, University of Massachusetts Lowell.

15. See also, Laurence F. Gross, *The Course of Industrial Decline: The Boott Cotton Mills of Lowell, MA, 1835-1955* (Baltimore: The Johns Hopkins University Press, 1993). Gross attributes the lower productivity of Boott workers and their resistance to speed-ups to the lower productivity of the mill's older machinery and the danger of speeding up this machinery.

16. Flather Collection, box #74, 1954.

17. See Gross, *The Course of Industrial Decline.*

18. Hartford, "Unions, Labor Markets and Deindustrialization," 211.

19. The principle of diminishing returns was first introduced by Classical economist David Ricardo in the early nineteenth century. Karl Marx also expounded on this notion, predicting that the capitalist system would inevitably experience a falling rate of profit. See Blumberg, *Inequality in an Age of Decline.*

20. For a discussion of the "myth of big labor" which emerged in the United States by the 1970s see Lawrence Rothstein, *Plant Closings* (Dover, MA: Auburn House Publishing Co., 1986).

21. W. Stanley Devino, Arnold Raphaelson, and James Storer, *A Study of Textile Mill Closings in Selected New England Communities* (Orono, ME: University of Maine Press, 1966), 7-11.

22. From a permanent exhibit, "The Workers Remember the Closing of the Mills," at the Boott Mill Museum, Lowell National Historical Park, Lowell, Massachusetts.

23. Flather Collection, box #37, correspondence dated August 1948.

24. Flather Collection, box #63, May 20, 1953.

25. Gross, *The Course of Industrial Decline,* and Gross, Speech given to the Lowell Historical Society, March 10, 1994, Lowell, Massachusetts.

26. Hubert Mann and Walter Carpenter, "Lowell, Massachusetts: A Community Study, Volume II Decision-Making in Area Redevelopment," (Board of Research, Babson Institute: Babson Park 57, MA, no date), 31-2.

27. R.C. Estall, *New England: A Study in Industrial Adjustment* (New York: Praeger, 1966), 16.

28. Seymour Harris, *The Economics of New England: A Case Study of an Older Area* (Cambridge: Harvard University Press, 1952), 43.

29. Herbert Lahne, *Cotton Mill Worker* (New York: Farrar & Rinehart, Inc., 1944), 90.

30. Hartford, "Unions, Labor Markets and Deindustrialization," 212. The shoe industry, however, would see its greatest losses after World War II.

31. Estall, *New England,* 73.

32. Seymour Harris, et al., *Report on the New England Textile Industry by Committee Appointed by the Conference of new England Governors* (Boston: Conference of New England Governors, 1952), 308.

33. *Boston Sunday Globe,* March 12, 1967, 23.

34. Estall, *New England,* 60.

35. Estall, *New England,* 60 and 69. Indeed, from 1919 to 1958, the New England textile industry

lost an average of 8,000 jobs each year. Estall, *New England,* 43.

36. Ibid., 49.

37. Robert W. Eisenmenger, *The Dynamics of Growth in New England's Economy, 1870-1964* (Middletown, CT: Wesleyan University Press, 1967), 9.

38. Lowell Board of Trade, *Lowell Board of Trade Year Book, 1911-12,* (Lowell: Lowell Board of Trade, 1912), no page numbers.

39. Edward Rocha, "The Lowell Shoe Strike in 1933," in *Surviving Hard Times,* ed. Mary Blewett (The Lowell Museum, 1982), 115.

40. Ibid.

41. Estall, *New England,* 126.

42. Rocha, "Lowell Shoe Strike," 118.

43. Ibid., 123.

44. *The Lowell Free Press,* December 9, 1939, p. 1.

45. While certainly not part of the first wave of maturity of industries, the electronics industry is another opportunistic "footloose industry" which contributed to the postwar economic insecurity of many New England towns.

46. Estall, *New England,* 26.

47. *New England: An Economic Analysis,* prepared for the New England Regional commission by Arthur D. Little, Inc. (Cambridge, MA, November 1968), 193.

48. Estall, *New England,* 130.

49. Ibid., 183.

50. Bennett Harrison, "Rationalization, Restructuring, and Industrial Reorganization in Older Regions," u.p., 1982, 33.

51. Eisenmenger, *The Dynamics of Growth in New England's Economy,* 27.

52. Estall, *New England,* 47.

53. Eisenmenger, *The Dynamics of Growth in New England's Economy,* 68.

54. William Miernyk, *Inter-Industry Labor Mobility: The Case of the Displaced Textile Worker* (Boston, MA: Northeastern University, 1955), 23-4. These differences add up to $160 to $440 per year based on forty hours a week for fifty weeks.

55. Harris, et al., *Report on the New England Textile Industry,* 17.