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One town's story of boom to bust

Downturn has had huge impact on 'Carpet Capital of the World'

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John Bazemore/AP

Ralph Boe is president of Beaulieu of America, one of the 'big three' carpet manufacturing companies in Dalton, Ga. 'This has been a tough, tough time,' he said of the fallout in his industry.



John Bazemore/AP

This worker at the Beaulieu of America plant is fortunate - she was not affected by the layoffs of 1,100 employees at her company in Dalton, Ga., over the last two years.

DALTON, Ga. — Inside a cavernous factory, massive machines that churn out carpeting for Home Depot and Lowe's were idled on a recent Friday as workers took a forced day off without pay.

Across Dalton, the self-proclaimed "Carpet Capital of the World," storefronts stood vacant, once bustling restaurants were virtually empty and police battled a rising methamphetamine problem.

This city about 70 miles north of Atlanta, which makes nearly 75 percent of the country's floor coverings, has felt a mountain of economic troubles since the country's real estate boom went bust.

Plummeting demand for flooring has led to a near doubling of Dalton's unemployment rate. Foreclosures are on the rise, and there are signs that the population may be shrinking.

There are doubts that Dalton's economy will ever look the same again, even after the nation's financial crisis ends.

"This has been a tough, tough time," said Ralph Boe, president of Beaulieu of America, one of the "big three" carpet manufacturing companies, which employ a combined 37,000 workers in north Georgia. Boe's company has shed 1,100 jobs over two years.

Another, Shaw Industries Group, announced last month that it was closing plants in Calhoun, near Dalton, and Valdosta, in south Georgia, which will idle about 600 workers.

Mario Moreyra, 26, who lost his job at a Shaw carpet plant, said he would do just about anything to pull in a paycheck right now.

"I'm not being picky and still I'm not finding anything," he said as he scanned online job listings at a career center.

Dalton's reversal of fortune is forcing residents and business leaders to confront an underlying problem that Detroit knows all too well: its economic rise and fall are too dependent on one industry.

Local officials three years ago launched a drive to diversify the economy, and that effort has taken on added urgency since the housing market collapse. Tax breaks and abatements already have helped lure an automobile parts manufacturer to the region.

Brian Anderson, president of the Dalton-Whitfield Chamber of Commerce, said he envisions a new Dalton that is still a manufacturing center but one no longer dependent on just one industry.

Job skills from the carpet mills translate into a ready work force, said Anderson, who wants to lure chemical and plastics companies, and even call centers, to the region.

But such a turnaround could take years, and until then Dalton's fate is tied to the volatile housing market.

U.S. demand for floor coverings has fallen a combined 34 percent over the past two years, according to the Dalton-based Carpet and Rug Institute.

That impact can be seen in a near doubling of Dalton's jobless rate over the past year to 11.2 percent, and that doesn't count the many Hispanic workers who may not have been in the country legally. The Labor Department said the Dalton region posted the second-highest increase in joblessness in December 2008, compared with the same month the year before.

The National Association of Realtors reported recently that sales of existing homes grew 5.1 percent in February, the largest monthly sales jump since July 2003.

Economists were encouraged by the news but sounded a cautionary note: sales nationwide were down 10 percent from a year earlier, and tens of thousands of homes remain mired in the foreclosure process in Florida, Nevada and other epicenters of the housing meltdown.

Still, Werner Braun, president of the Carpet and Rug Institute, said that when the housing rebound happens, Dalton will see the impact almost immediately.

"We're a leading economic indicator," Braun said. He said most large stores have very little carpet in stock, meaning that when a customer places an order for a rug the carpet mill begins making it.

The group is pushing members of Congress for a home refurbishing tax credit that would give people an incentive to buy carpet and other furnishings.

There's been no legislation yet, but Braun said lawmakers have been receptive to the idea.

Dalton's emergence as America's carpet hub was something of an accident. It began in the late 1800s when Catherine Evans Whitener began to sell her hand-tufted bedspreads. The spreads became popular and soon other local women followed suit.

Carpets came next. The craft really took off when local residents figured out how to mechanize the process.

The rise of tufted carpets from Georgia dovetailed with the World War II housing boom, and soon carpets were available to the masses, according to Randy Patton, author of "Carpet Capital: The Rise of a New South Industry."

In the last decade or so, the industry grew so rapidly and jobs were so plentiful that Hispanic workers flocked to the region. Their arrival changed the complexion of this blue-collar Georgia city. In 2005, the U.S. Census estimated that 29 percent of the area's population was Hispanic. And it wasn't just single males coming, but families putting down roots.

Now anecdotal reports suggest that some of these workers are leaving as jobs disappear. Officials said school enrollment, once on the rise, has been flat. And some Hispanic grocery stores have closed.

Throughout the region there is a rising sense of fear as the recession shows no signs of letting up.

"There isn't any work," said Charles Steele, 50, as he slumped in a chair waiting to speak to a job counselor at the state Labor Department's Dalton Career Center.

He had worked installing home security systems, and when he was laid off late last year he wasn't worried. He figured he could easily find work in shipping and receiving, his fallback. Months later he's still looking.

"Nothing's there. That's starting to scare me," Steele said.

Danny Cope, manager of the career center in Dalton, said some of those who are coming in seeking help have spent decades in the region's carpet mills.

"They're scared. A lot of people have been at these jobs for a long time, technology has passed them by," Cope said. "This is their first time ever drawing unemployment."

Methamphetamine has long been a problem in north Georgia, but the economic woes appear to have added to the troubles.

Jim Langford, executive director of the Georgia Meth Project, said the jobless no longer have to submit to random drug testing at the carpet mills. With time on their hands and few prospects for work, anecdotal reports suggest that use of the drug is up in the region, Langford said.

Unlike other American manufacturing sectors, such as the auto industry, which have suffered as jobs and business have moved overseas, the carpet industry has remained rooted within U.S. borders.

But Patton doesn't expect it will ever return to its heyday in 2005, when the local joke was that "if you couldn't find a job, you simply weren't looking hard enough."

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