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Whither North Carolina Furniture Manufacturing?

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Abstract:

North Carolina's furniture manufacturing industry has contracted in recent years as imports have gained a greater share of the domestic furniture market. Rapid growth of the furniture industry in China and a surge in exports from that country to the United States in particular have contributed to plant closings and consolidation of operations in the state. North Carolina's furniture manufacturers are adapting to the emergence of global competition and are developing new corporate strategies to better compete.

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Whither North Carolina Furniture Manufacturing?

Furniture manufacturing has a long and storied tradition in North Carolina. From modest origins in the late 1800s, the state's furniture industry expanded during the twentieth century to rank among the largest and most prosperous in the nation. High Point, Hickory, Drexel, Thomasville and other small North Carolina towns became focal points of the United States furniture craft during the period. And prosperity in the industry helped raise standards of living in a state that was once among the poorest in the nation. Along with textiles and tobacco processing, furniture manufacturing became symbolic of North Carolina's industrial progress and the South's efforts to spur economic development in the twentieth century.

Furniture making remains an important part of the state's manufacturing sector today, employing more than 60,000 people and contributing \$2.8 billion annually to North Carolina's gross state product. But fortunes in the industry have reversed in recent years; since 1999, output and employment in the furniture industry have fallen. An economic recession in the United States and an attendant drop in consumer purchases of furniture triggered sharp declines in North Carolina shipments and employment in 2001. Of far greater consequence, however, for North Carolina manufacturers was the steadily rising tide of foreign imports of furniture by that time. Rapid growth of the furniture manufacturing industry in China in particular and a surge in exports of furniture from that country since 2001 have left little doubt that furniture manufacturers in the state face unprecedented challenges. Given the labor cost advantages of Asian furniture manufacturers and the magnitude of many of their operations, some industry observers

question whether U.S. furniture manufacturers will be able to compete. (Wille and Adams 2001; Crissey 2003).

While the furniture manufacturing sector in North Carolina is unlikely to disappear any time soon, output and employment at facilities in the state could very well shrink further in coming years. More and more domestic firms are choosing to manufacture abroad, importing furniture and marketing it under their own brands. In addition, foreign manufacturers are increasingly bypassing domestic manufacturers completely by selling directly to U.S. retailers or establishing their own retail stores in the United States. Foreign imports already account for 48 percent of sales of wooden household furniture in the U.S., up from only 25 percent in 1993 (Mann, Armistead, and Epperson 2003, 9). This rapid growth of imports of wooden household furniture has had a particularly large effect on production in North Carolina where the manufacture of wooden bedroom and dining room furniture makes up an especially large portion of furniture manufacturing activity.

An increasingly global furniture industry presents exceptional challenges for North Carolina's furniture manufacturers. Those companies that decide to import furniture from abroad must address a host of quality control and logistical issues in delivering their products to U.S. customers. Companies that choose to continue to produce furniture domestically must concentrate on cutting production costs, improving product quality or otherwise modifying operations to manufacture a product competitive in price and quality with foreign imports. The more intense competitive environment has resulted in extensive evaluations of corporate structure as well as an increase in mergers and acquisitions in the U.S. furniture industry since 2000.

This article examines the transformation of North Carolina's furniture manufacturing industry in recent years and places the changes in the industry in historical context. By talking with manufacturers and industry analysts and piecing together data on industry size and performance, the extent of the contraction of the state's furniture manufacturing industry is captured and portrayed. This portrayal is necessarily incomplete; furniture manufacturing data at the state level are somewhat sparse and many furniture manufacturers are small, privately held companies that do not disclose operating or financial data. Evidence available, however, suggests that the rapid growth of furniture imports in the last few years has had a profound effect on North Carolina's furniture manufacturing industry.

1. INDUSTRY ORIGINS

Throughout most of the 19th century, furniture making in North Carolina was a cottage industry—craftsmen in the region made furniture by hand, in limited quantities, and usually for sale only within the local community. Such furniture was generally of plain design, and while adequate to meet basic household needs, often lacked the quality of construction and finish of furniture for sale in urban areas in the northeastern or midwestern United States. By the middle of the 19th century, furniture making began moving from small carpentry and cabinet shops to factory floors in a number of urban areas in the U.S., supplying a rapidly expanding consumer class with mass produced furniture. North Carolina businessmen, many of whom were already supplying lumber to furniture manufacturers in the North, saw an opportunity to expand the value of

woodworking and lumber businesses and began establishing their own mechanized furniture making operations in the 1880s.

Among the earliest furniture factories in the state was the High Point Furniture Company in High Point, N.C., established in 1888 by lumber salesman Ernest Ansel Snow and several local merchants (Lefler and Newsome 1963, 482). Brothers William and David White were also instrumental in establishing the industry, opening a small factory in Mebane, N.C., in the 1880s (Hobbs 1958, 119). Members of the White family would manufacture furniture in Mebane for the next hundred years. These industry founders were soon joined by many other furniture manufacturers and suppliers; according to the Census Bureau, there were 44 furniture establishments and 1,759 wage earners in the industry in North Carolina in 1900.

By 1925, North Carolina was producing more wooden furniture than any other state in the nation. It ranked fifth in the value of furniture production overall (Lefler and Newsome 1963, 549). This remarkable success was due in part to plentiful timber in the region. Oak, cherry, poplar, ash, maple, and walnut trees, all species well-suited for furniture production, grew in abundance in the central and western counties of North Carolina. An ample supply of southern laborers willing to work for steady, albeit low, factory wages also played a key role in the industry's success. Just about any job at a furniture factory was an attractive alternative to arduous farm work and the vagaries of farm income.

A third factor in the rapid development of the furniture industry in central and western North Carolina, and one sometimes overlooked, was the existence of reliable rail transportation. The rail system enabled a heavy and bulky product such as furniture to be

transported throughout the region at reasonable costs. Many towns in the region, including High Point which would become the center of the industry in the state, were served by railroads. Hickory, Thomasville, Lenoir, and Morganton were among the other small North Carolina towns with furniture factories built along the railroad tracks.

Furniture manufactured in the early years of the industry in North Carolina was generally of low to intermediate quality and sold largely in local communities for modest prices. Few North Carolina furniture manufacturers could match the quality of furniture produced by most Midwestern or Northeastern factories and many residents in the region couldn't have afforded such furniture even if it had been produced. But over time furniture making skills and techniques improved, and through the use of better woods and finishes North Carolina manufacturers were able to introduce higher quality furniture into their product lines. By the 1920s, furniture of all quality grades was produced in North Carolina as well as in several other southern states including Virginia, Georgia, and Texas, from "the cheap kitchen table to the high priced piano-finished parlor suit" (Korstian 1926, 10). And the introduction of higher quality furniture lines allowed southern manufacturers to expand into northern and western markets, while retaining dominance in local markets.

2. GROWTH AND CHANGE

Firmly established by the 1920s, the furniture manufacturing industry in North Carolina entered a period of general prosperity and growth. North Carolina manufacturers were selling furniture well beyond the South by then, allowing them to share in the prosperity of the nation during the period. Rising incomes, an expanding middle class, and a home

building boom brought a surge in demand for the moderately priced wooden furniture produced by most North Carolina firms.

Output from North Carolina factories nearly doubled during the 1920s in response to the rapid rise in demand for furniture. New factories were built and improved production methods were implemented to wring additional output from existing factories. Woodworking equipment was more sophisticated by the 1920s and furniture factories much better designed, in some cases emulating mass production techniques used in the automobile industry. Moreover, refinements in drying techniques and finishing processes and greater use of waterproof resin glues contributed to improved furniture quality (Hobbs 1958, 120).

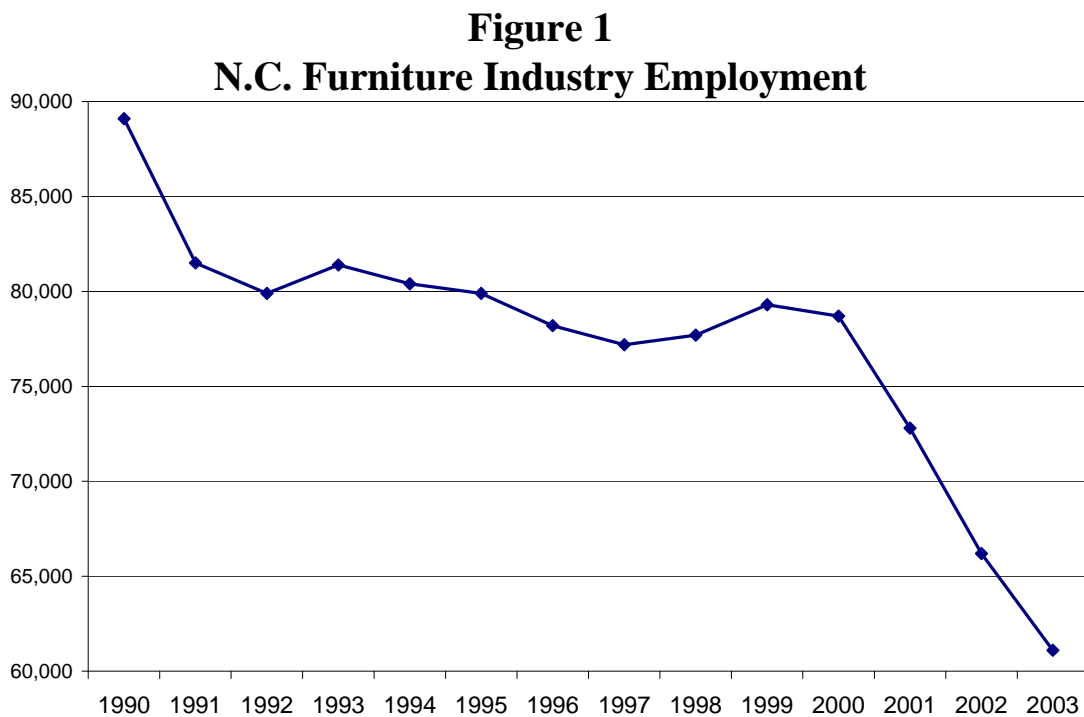
Unfortunately, the unprecedented prosperity of the 1920s in the United States gave way to the Great Depression and the lean years of the 1930s. Retail furniture sales in the nation fell by 63 percent from 1929 to 1933 as consumer spending wilted and the nation's economy contracted. A number of furniture factories in North Carolina closed during the 1930s and the value of furniture produced dropped from \$56.7 million to \$50.4 million. But employment in the industry continued to rise during much of the decade, up 12 percent from 1929 to 1939.

A nationwide housing boom and the development of vast suburbs after World War II led to another sharp increase in furniture demand in the late 1940s and the 1950s. By 1954, the number of North Carolina furniture manufacturing establishments had risen to 430, and employment reached 33,027.¹ The vast majority of these establishments (85%) continued to be engaged in manufacturing household furniture rather than office or

¹ Employment and value added data are for the furniture and fixtures industry, Industry Code 25, and are reported by the U.S. Census Bureau.

other types of furniture and fixtures. From 1947 to 1954, employment in the sector grew by 19 percent while value added increased 42 percent.

The furniture industry in North Carolina continued to expand from the 1960s through the 1980s, securing its status as second only to the textiles and apparel sector among the state's manufacturing industries. But signs of weakness emerged in the 1990s; while earnings in the industry rose, employment trended down. From 2000 to 2003, an increasing number of manufacturing plants were shut down and the decline in employment accelerated. As of 2003, there were 61,100 jobs in furniture manufacturing in North Carolina, 22 percent below the 2000 level.²



² NAICS Code 337, Furniture and Related Manufacturing, Bureau of Labor Statistics.

As of 2001, North Carolina continued to rank first among states in furniture manufacturing employment. Hickory in Catawba County and High Point in Guilford County remain focal points of the industry and retain worldwide reputations for quality furniture production. This clustering of the industry in central and western counties has changed little over the last 100 years. More than 15,000 people are employed in furniture manufacturing in Catawba County, N.C.,—the most in the state. Guilford, Caldwell, Davidson, and Randolph counties each employ over 5,000 people in the sector.

The majority of these workers also remain engaged in the production of household furniture; predominantly wooden bedroom and dining room sets. According to 2001 employment data from the Census Bureau, North Carolina had almost 60,000 people employed making household furniture. In addition, more than 10,000 people in the state produced office furniture, placing it third in that category of production.

Table 1
2001 Furniture Manufacturing Employment
Largest Furniture Manufacturing States

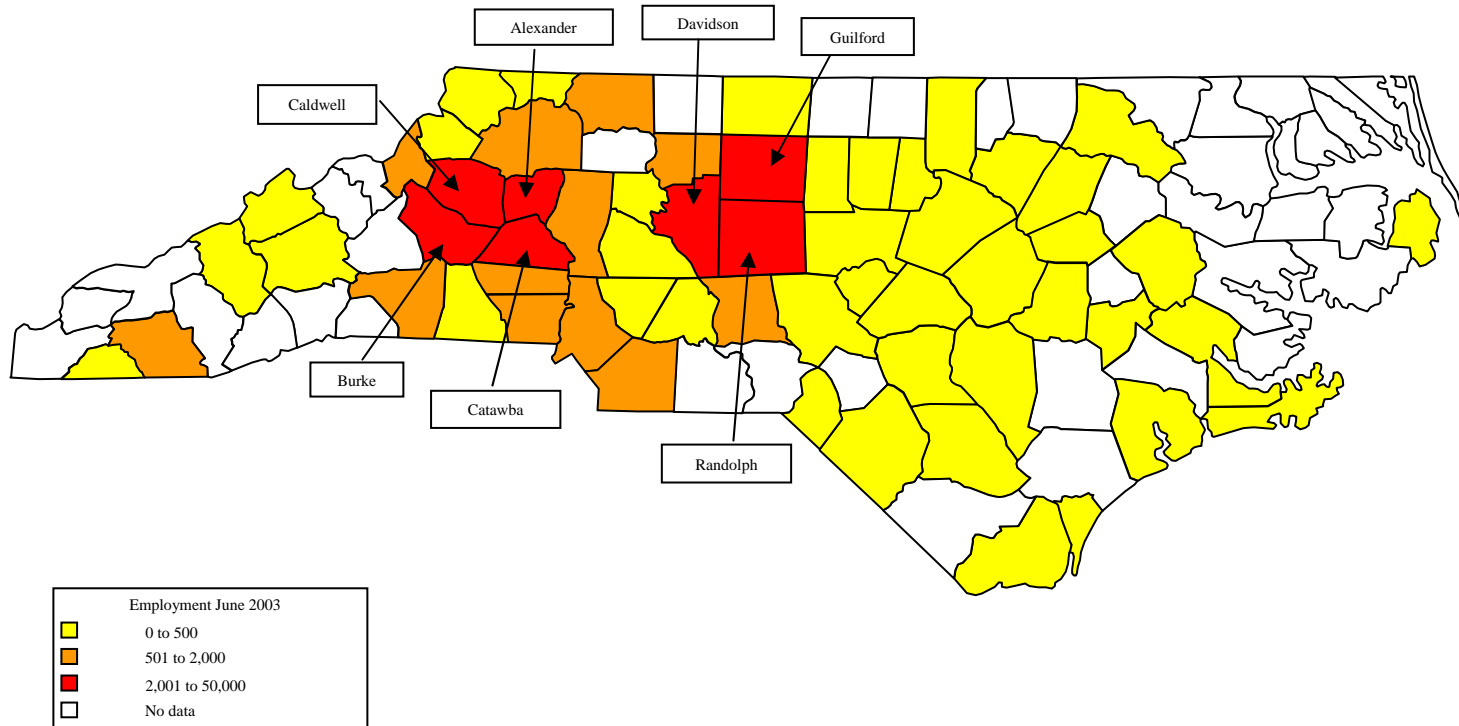
	Total Furniture	Household Furniture	Office Furniture
North Carolina	75,581	59,949	10,710
California	71,678	34,238	18,276
Michigan	34,614	6,343	25,229
Mississippi	30,145	24,915	3,652
Texas	28,835	6,651	6,608
Pennsylvania	27,644	8,152	8,046
Indiana	26,707	9,647	9,118
Ohio	24,428	8,140	5,931
Tennessee	24,027	16,567	4,081
New York	22,295	10,341	7,755

Note: Household furniture includes institutional furniture.
Source: County Business Patterns, U.S. Census Bureau, 2001.

Figure 2

North Carolina

Furniture Manufacturing Employment



3. WHAT'S AILING NORTH CAROLINA'S FURNITURE INDUSTRY?

Furniture manufacturing output in North Carolina began to contract in 2000, weakened by softness in consumer demand for furniture and a rising tide of furniture imports into the United States. In 2001, activity in the sector fell sharply; employment, value of shipments, and value added in manufacturing each declined by over 6 percent.

Employment continued to decrease through 2003, and while more recent measures of furniture manufacturing activity are not available, anecdotal remarks from manufacturers suggest that the contraction in the state's industry continued in 2003.

Table 2
North Carolina Furniture Manufacturing
Employment, Shipments, Value Added and Capital Expenditures
(1997-2001)³

	Employment	Shipments (\$000)	Value Added (\$000)	Capital Exp. (\$000)
1997	81,367	7,219,049	3,799,624	149,313
1998	79,959	7,760,689	4,178,084	181,316
1999	80,141	8,079,647	4,333,233	172,292
2000	79,771	8,023,816	4,229,362	162,909
2001	74,785	7,500,329	3,920,588	139,573

Source: Annual Survey of Manufactures,
Furniture and related product manufacturing (NAICS 337),
U.S. Census Bureau, January 22, 2003.

Softness in U.S. consumer spending on furniture as the economy entered recession in 2001 explains a portion of the decline in shipments, value added, and

³ Industry employment figures in this table differ from those graphed earlier. Employment numbers here are from the U.S. Census Bureau's Annual Survey of Manufactures. Employment numbers in the graph are from the Bureau of Labor Statistics and include more recent data. Both data series, however, show a steep decline in 2001.

employment in North Carolina's furniture manufacturing sector in that year. According to the Department of Commerce, consumer spending on furniture and bedding in the U.S. slipped from \$67.6 billion in 2000 to \$67.2 billion in 2001. The lull in consumer demand was short-lived, however; spending on furniture rose to \$68.3 billion in 2002 and \$69.5 billion in 2003. But there has been no rebound in North Carolina's furniture industry, suggesting that the industry's decline is more structural than cyclical in nature. The downturn in the economy in 2001 simply accelerated an ongoing structural change in the furniture industry in the state, as North Carolina manufacturers lowered domestic output in response to the threats and opportunities of increased furniture manufacturing capacity around the world.

Developments in furniture manufacturing abroad have had an especially large effect on the furniture industry in North Carolina. Foreign producers have been quite successful in manufacturing wooden furniture and importing it to the U.S., targeting just the markets that many North Carolina manufacturers have dominated for years. Moderately priced wooden bedroom and dining room furniture in particular make up a large percentage of imports into the country, displacing many of North Carolina's products. And markets for higher-priced brands such as Thomasville have become increasingly vulnerable to foreign manufacturers who design and market less expensive substitutes.

Employment and gross state product (GSP) data reflect the considerable erosion of North Carolina's furniture manufacturing sector over the last decade. In 1990, employment in the furniture manufacturing sector in North Carolina represented 14.8 percent of total U.S. furniture manufacturing employment. By 2003, the percentage had

dropped to 10.7 percent. North Carolina's share of U.S. furniture manufacturing output has generally declined since 1994. While gross state product in the furniture industry in the state trended higher in the 1990s, before falling in 2000 and 2001, North Carolina's share of U.S. furniture manufacturing output decreased from 13.7 percent in 1994 to 11.2 percent in 2001.

Table 3
North Carolina
Furniture Manufacturing Sector
Employment and GSP

	Employment (Thousands)	Percent Of U.S.		GSP (\$Millions)	Percent of U.S.
1990	89.1	14.8		2,013	12.9
1991	81.5	14.5		1,926	12.7
1992	79.9	14.2		2,109	12.7
1993	81.4	14.1		2,341	13.0
1994	80.4	13.4		2,590	13.7
1995	79.9	13.2		2,503	12.8
1996	78.2	13.0		2,615	12.6
1997	77.2	12.6		2,726	12.0
1998	77.7	12.1		3,036	12.5
1999	79.3	11.9		3,160	12.2
2000	78.7	11.6		2,968	11.4
2001	72.8	11.3		2,797	11.2
2002	66.2	11.0		N/A	N/A
2003	61.1	10.7		N/A	N/A

N/A: Not Available

Source: Employment; Department of Labor, Bureau of Labor Statistics.
Earnings; Department of Commerce, Bureau of Economic Analysis.

Annual values of U.S. furniture imports and exports from 1999-2003 are provided in Table 4. Imports rose at an average annual rate of 10.5 percent from 1999 to 2003, amounting to \$19.6 billion in 2003. The value of furniture exported from the United States was less than a quarter of that of furniture imported.

Imports from China account for most of the increase in total furniture imports over the last four years. Chinese imports rose from \$3.3 billion in 1999 to \$8.5 billion in 2003. China, Canada, Italy, and Mexico together provided 75 percent of furniture imports into the United States in 2003.

Table 4
U.S. Furniture Imports and Exports
(\$ Millions)

	Imports	Exports
1999	13,173	2,562
2000	15,612	3,024
2001	15,275	2,588
2002	17,496	2,323
2003	19,644	2,546
Ave. Annual Growth (1999-2003)	10.5%	-0.2%

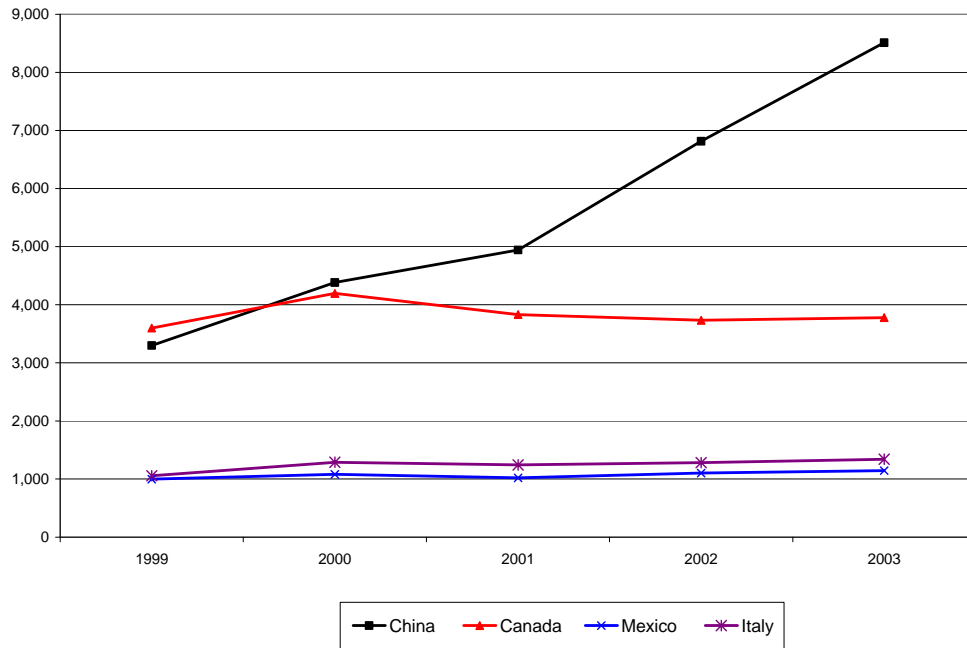
Data based on NAICS Code 337, Furniture and Related Manufacturing. Source: U.S. Dept. of Commerce, Bureau of the Census, International Trade Administration.

Table 5
2003 U.S. Furniture Imports
Selected Countries
(\$ Millions)

	2003	Average Annual Growth 1999-2003
China	\$8,510	26.7%
Canada	\$3,779	1.2%
Italy	\$1,342	6.2%
Mexico	\$1,145	3.5%

Source: U.S. Dept. of Commerce, Bureau of the Census, International Trade Administration.

Figure 3
U.S. Furniture Imports (\$ Millions)
From Selected Countries



The rapid increase in furniture imports into the United States and decline of furniture manufacturing jobs in North Carolina naturally invites comparison to the severe contraction of the textiles and apparel industries in the state and the exodus of jobs in those sectors. Clearly, the decline in employment in the furniture manufacturing sector over the last decade has been less severe than that experienced in the textiles and apparel sectors. From 1990 to 2003, the number of textiles industry jobs in North Carolina fell by 57 percent while apparel manufacturing jobs dropped by 69 percent. In comparison, employment in furniture manufacturing in North Carolina decreased by 31 percent from 1990 to 2003, with most of that decline coming since 2000. Still, furniture manufacturing jobs in North Carolina fell more rapidly from 2000 to 2003 than did total manufacturing jobs in the state's beleaguered manufacturing sector. And the loss of 22

percent of furniture manufacturing jobs in North Carolina since 2000 was more rapid than the loss of 16 percent of total U.S. manufacturing employment during the period.

4. CHINA'S COMPETITIVE THREAT

China's furniture industry has experienced exceptional growth since the mid 1990s, fueled by strong domestic economic growth and expanding export markets. The value of furniture production in 2002 was an estimated \$19.95 billion, up sharply from \$6.78 billion in 1995 (Robb and Xie 2003, 486). The industry consists of some 30,000 furniture manufacturers, many of which are privately owned and employ fewer than 250 people. Most of the furniture manufacturers and industry suppliers are located in coastal areas of China, predominantly in the Guangdong province along the South China Sea (Xu, Cao, and Hansen 2003, 38). The Fujian and Zhejiang provinces also produce and export substantial volumes of furniture. Total employment in the furniture industry in China is estimated at 3 million (Robb and Xie 2003, 484).

From 1995-2002, furniture exports grew at a compound annual rate of 25 percent, faster than production for domestic consumption. Because of this exceptional growth, China is now among the largest furniture exporting countries in the world. Since 2000, China has replaced Canada as the country with the largest value of furniture exports to the United States. Wood furniture is the fastest growing export sector and accounts for about 80 percent of the export volume (Xu, Cao, and Hansen 2003, 36).

Table 6
China - Furniture Production and Exports
(\$ Billions)

	1995	2002	Annual Growth 1995-2002
Furniture Production	\$6.78	\$19.95	16.7%
Furniture Exports	\$1.10	\$5.30	25.2%

Source: Robb and Xie 2003, 486.

Whether North Carolina manufacturers will be able to compete successfully against Chinese manufacturers remains to be seen. Chinese producers clearly have an advantage in lower labor costs. According to Robb and Xie, the average wage of furniture production workers in China is about 4 percent of that of furniture workers in the United States. Labor productivity in China, however, remains relatively low, despite improvements in automation and increased privatization of industry in recent years. Gross value added per employee in Chinese furniture manufacturing in 1997 was only 5 percent of that in the United States (Robb and Xie 2003, 486). But productivity is continually improving; Chinese furniture workers are becoming increasingly skilled and the newer furniture plants in the country have equipment as good as or better than equipment in manufacturing facilities in North Carolina.

5. NORTH CAROLINA MANUFACTURERS RESPOND

The response of North Carolina manufacturers to the ascendancy of furniture manufacturing capacity in China and other foreign countries has varied considerably

from company to company. Many have focused efforts on cutting domestic production costs, improving product quality or otherwise modifying operations to produce a more competitive domestic product. Some have merged with other furniture companies in an attempt to reduce costs through greater economies of scale. In many other instances, North Carolina firms have sold imported furniture themselves, blending foreign products with their own domestic lines. Among these firms, some simply market a finished foreign-produced product while others import unfinished furniture, then assemble and finish the furniture in the U.S.⁴ Thomasville, Broyhill, Hooker, Stanley, and Bernhardt are among the U.S. companies supplementing domestically produced furniture with products manufactured abroad.

Furniture Brands International, which owns North Carolina-based Thomasville Furniture Industries and Broyhill Furniture Industries, makes extensive use of furniture imports and considers imports to be a “wave of the future.” It had 160 employees in the Far East in 2002 working with manufacturers there to facilitate the importing of furniture and promote quality in the manufacturing process. Its Furniture Brands Import Services Organization has six offices providing services to China, Indonesia, Vietnam, Malaysia, Thailand, Taiwan, and the Philippines (Furniture Brands International 2003).

Hooker Furniture, headquartered in Martinsville, Va., and with manufacturing plants in Virginia and North Carolina, derives over 40 percent of its net sales from imported products. It sourced furniture from over 65 factories in the Pacific Rim, Mexico, and Central America in 2002 (Hooker 2003). Hooker’s reliance on imports is

⁴ Importation of furniture parts, such as bedposts and table legs, for use in manufacturing domestic furniture is also common practice. Much of the furniture considered to be produced domestically is composed of some foreign parts.

not new; the company imported products from foreign manufacturers throughout the 1990s.

Stanley Furniture Company estimates that about 20 percent of its shipments are imports. The company has production facilities in Virginia and North Carolina and maintains an office in China, the source of most of its imports. Stanley's strategy is to blend domestic manufacturing with "intelligent outsourcing of certain component parts and finished goods" (Stanley 2002, 2). This strategy was adopted within the last few years and implemented in response to the new competitive challenges posed by a surge in imports.

Bernhardt Furniture Company, based in Lenoir, N.C., has been supplementing its domestic output with furniture imports since 1982. According to Alex Bernhardt, its chairman, the company has a "hybrid strategy" today—about half of its shipments are manufactured domestically while the other half are imported. The company operates nine plants, employing over 2,000 people, and has several offices in Asia.

Greater competition from abroad has also led domestic manufacturers to reexamine furniture distribution channels. Manufacturers can exercise more control over retailing of furniture by entering licensing or franchising arrangements with retailers or through outright ownership of retail stores. Thomasville and Drexel-Heritage, for example, are among the manufacturers that have factory licensing or franchise arrangements with retailers (Mann, Armistead, and Epperson 2004, 23). Retail arrangements whereby floor space in showrooms or galleries is dedicated to one manufacturer's product offer unique advantages in showcasing products. Furniture Brands International, Inc., which has the largest market share in the industry, is among

those companies pursuing the strategy of securing more dedicated space in response to the competitive threats inherent in an increasingly global manufacturing industry.

North Carolina manufacturers are responding to foreign competition by enhancing service as well. In particular, North Carolina manufacturers have taken steps to shorten the length of time that a customer has to wait before a product is shipped. Jerry Epperson, of Mann, Armistead, and Epperson, Ltd., notes that in some cases U.S. producers can manufacture and deliver a product within seven days. That's a competitive edge that's hard for foreign manufacturers to match. By manufacturing quickly and in smaller batches, these producers provide faster service and avoid the expense of holding large inventory.

A number of furniture manufacturers have also taken the additional step of seeking tariffs as a remedy for perceived unfair trade practices of Chinese manufacturers. In October 2003, a coalition of U.S. furniture manufacturers petitioned the Department of Commerce and International Trade Commission to levy tariffs on wooden bedroom sets from China, asserting that such furniture was being "dumped" in the U.S. at artificially low prices. Among the furniture manufacturers in the coalition were several with facilities in Virginia or North Carolina, including Vaughan-Basset Furniture, Century Furniture Industries, and Stanley Furniture Company. In June 2004, the U.S. Department of Commerce ruled that Chinese furniture was being dumped in the United States market, and imposed preliminary duties. These duties ranged between 4.90 and 24.34 percent for the approximately 90 Chinese firms that account for the majority of imported bedroom furniture. The Department of Commerce plans further investigations of the anti-dumping claims and could impose permanent duties at a later date. The potential for permanent

tariffs on furniture manufactured in China, as well as changes in the value of the dollar against other currencies, could have substantial consequences for North Carolina manufacturers.

6. FURNITURE MANUFACTURING PROSPECTS

The transformation of North Carolina's furniture manufacturing industry in response to global competition is well underway. A new industry is emerging, one with leaner domestic operations, greater reliance on imports, and a better focus on customer service. Companies with strong brand names, such as Thomasville and Broyhill, or those that make substantial improvements in distribution channels will likely have a greater chance of long-term survival, as will companies that can specialize in product niches.

The long-term outlook for domestic production in North Carolina also depends on whether future productivity gains at furniture manufacturing plants in the state will be enough to offset the lower labor costs that are likely to persist in foreign countries. Competition from abroad has already prompted considerable change at some North Carolina facilities and there is an economics literature that suggests that foreign competitors can spark greater increases in productivity and technical efficiency (Traca 2002, 2; Grossman and Helpman 1991, 342). But predicting patterns of productivity change is difficult at best, particularly in light of a rapidly changing furniture industry and evolving policy toward furniture tariffs. What's more, rising productivity is no guarantee that more layoffs and plant closings won't be in the offing. North Carolina companies, particularly those targeting low-to-middle priced furniture segments, will likely remain under intense competitive pressure for some time to come.

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