Tom Vass

Low Wages and Industrial Development: North Carolina's Economic Predicament

In a recent book on the role that economic theory plays in the development of public policy, John Kenneth Galbraith (1973:7) suggested that the prevailing economic thought in America tends to serve the instrumental purposes of the most powerful economic organizations in society. Galbraith explained that there did not seem to be either formal collusion or covert alliances between powerful economic interests and proponents of the current economic dogma, rather he said that it just so happens "that the image of an earlier society serves admirably the instrumental purposes of a later one....What seems like a decent intellectual conservatism became powerful support to economic interests" (Galbraith, 1973:8).

During the twentieth century, governors of North Carolina have used a variant of contemporary economic theory to justify a public policy of recruiting outside capital, in the form of manufacturing plants, to the State in an effort to alleviate the social problems of unemployment and poverty. While expressing optimism in the ultimate success of this public policy, the governors of North Carolina have also expressed considerable concern over the State's continuing low per capita income and low hourly industrial wage ranking relative to other states.

The same economic theory upon which North Carolina's public policy of industrial recruitment is based also serves to explain the persistence of North Carolina's low wages. What seems like a decent interpretation of economic reality has become a convenient defense of an indecent relationship between the work that North Carolina's workers perform and the wages the workers receive for their efforts.

There are serious defects in the public policy of industrial recruitment due to a misperception of the power and purposes of large multi-national corporations. There are theoretical and methodological deficiencies in the explanation of low wages in North Carolina based on the current model of competitive neoclassical general economic equilibrium. Finally, there is nothing admirable about the role resident North Carolina economists play in explaining and "defending" the status quo (Vaden, 1979). This paper argues that North Carolina's economists might more usefully serve the public purpose by offering critical insights into persistent social problems. The first section of this article briefly reviews the history of the concerns that twentieth century governors of North Carolina have had with industrial recruitment, education, and low wages. The second section treats the deficiencies in current economic theory, while the

Tom Vass received the MRP from the University of North Carolina at Chapel Hill in 1975, with a concentration in economic development and manpower planning. He has worked as a regional economic planner in the Policy Advisory Unit of B. C. Hydro and Power Authority in Vancouver, British Columbia, and, in 1977, began working as a monpower planner in the North Carolina Department of Labor. The views expressed in this article are solely those of the author, and are in no way intended to reflect the policies or position of the North Carolina Department of Labor.

third section of the paper outlines a more plausible theory of economic phenomena in North Carolina.

A BRIEF HISTORICAL REVIEW

Every North Carolina governor in the twentieth century has held three concerns in common with the others: a concern for promoting industrial growth, which is usually expressed by a recitation of impressive economic growth statistics, qualified by a statement on the need to attract outside capital to the state; a concern for education and training; and a concern that per capita incomes and industrial wages are low, relative to other states.

For example, Governor Bickett (1917-1921), in a speech delivered to the North Carolina Society of Pennsylvania on December 4, 1920, bragged that North Carolina was second in the world in the manufacture of cotton goods; that Winston-Salem manufactured more tobacco than any other city in the world; that Canton had the largest wood pulp mill in the world; that High Point was second, next to Grand Rapids, in production of furniture; that Badin had the second largest aluminum plant in the world; that Kannapolis had the largest towel plant in the world; that Durham was the center of the largest hosiery industry in the world; and that Greensboro had the largest denim mill in the world (Bickett, 1923:215). In a later speech on education, Governor Bickett (1923:239) warned that "if we are to take our rightful place in the march of progress and in the scale of civilization, we must so train the heads and hands of our people that to the pound of raw material that everywhere abounds they will be able to add the five cents worth of brains."

"THERE ARE SERIOUS DEFECTS IN THE PUBLIC POLICY OF INDUSTRIAL RECRUITMENT..."

Governor Bickett's warning was echoed by Governor Morrison (1921-1925), who said that "The curse of North Carolina through the ages has been its unwillingness to spend money in necessary development of the natural resources of the State, and in training and making efficient the great mass of the people. For many decades we were 'Hewers of wood and drawers of water' for the better trained and more efficient sections of our own country and of the world" (Morrison, 1927).

Governor McLean (1925-1929), touched two of the three concerns in his Biennial Message to the General Assembly in 1927, when he stated that "North Carolina neither baits nor coddles big business. Every honest enterprise is encouraged and is justly treated by our state government in the enactment and administration of our laws. On account of this fair and just attitude toward outside capital, our State has in the past twenty-five years shown a greater rate of progress in industrial development than any state in the Union" (McLean, 1931:73).

Ten months after delivering the Biennial Message to the General Assembly, Governor McLean (1931:397) spoke on the relationship between education and economic growth and said, "One of the principal reasons why North Carolina has made such unprecedented progress in industrial development these last twenty-five years is because the state government, backed by public sentiment, has pursued a helpful and liberal policy toward capital, not only that furnished by our own people, but also that which has come from the outside for investment in our State."

While the twentieth century governors of North Carolina have pointed with pride to economic growth statistics, it has always been a gesture accompanied by an undercurrent of concern with North Carolina's poor performance in personal incomes and wages. One of the earliest and most explicit statements of concern for low per capita incomes came during the administration of Robert Cherry (1945-1949). In Governor Cherry's second Biennial Message to the General Assembly on January 9, 1947, Cherry (1951:52) stated that "a vigorous campaign has been carried on, aimed at attraction of new industries to the state. Many direct contacts with out-of-state industrialists and an aggressive follow-up campaign have brought results....In spite of this increase in employment, due to low per capita income, North Carolina in 1945 ranked forty-first among states in per capita income."

It is of interest to note that Governor Cherry also announced a balanced growth policy to "keep and maintain a good balance between industry and the land." In contrast to contemporary notions of balanced growth based on industrial recruitment, Governor Cherry's program called for the establishment of small, community-based, rurally located industries, built with local capital, local labor and local raw materials. The goal of the program was "a great number of new businesses, born of our own money and brains, and pretty closely related to our agricultural life in this state" (Cherry, 1951:552).

"LABOR ITSELF WAS RESPONSIBLE FOR ELIMINATION OF WAGE DIFFERENCES"

Governor Luther Hodges (1954-1961), often chronicled North Carolina's economic growth and called for balanced industrial growth through recruitment of outside capital. On one occasion, after citing a number of impressive growth statistics and reviewing the poor indicators of North Carolina's per capita income from 1929 to 1953, he put the growth statistics into perspective with the remark that "Naturally, we have made a lot of progress in the last twenty-five years, but so have our neighbors. We have had to make a lot of progress just to stand still" (Hodges, 1960).

The high rates of economic growth, based on capital investments in manufacturing plants, and the persistence of low wages in North Carolina compared to the rest of the United States seems inconsistent with the predictions of widely accepted economic theories of competitive economic equilibrium. These theories predict that competitive forces in the markets for factors of production and for finished goods would tend to reduce regional differences in wages and incomes.

PROBLEMS WITH CONTEMPORARY THEORETICAL EXPLANATIONS OF THE WAGE GAP

Competitive general economic equilibrium theory predicts that market forces will eliminate differences in wage payments to labor both in different industrial sectors and in different geographical locations. The elimination of differences in wage payments arises partially out of labor's own response to differences in wages, and partially out of fundamental economic laws of profit maximizing behavior which direct that competing factors of production be employed up to the point where the marginal costs of the factors in producing a given output are equal.

The idea that labor itself was responsible for elimination of wage differences between areas and industries was most clearly stated recently by Dr. George J. Stigler (1966:257):

> Competition tends to eliminate differences in rates of wages for similar workers in different occupations and geographical locations; for the worker who is in the job where wages are low will move to the higher paying job. This movement will raise wages in the market the workers are leaving and lower them in the market the workers are entering.

The idea that fundamental economic laws will work to eliminate wage differences was described by Alfred Marshall (1949:662), who said:

> By means of this combined vertical and horizontal competition there is an effective and closely adjusted balance of payments to services as between labor in different grades... the principle of substitution is constantly tending by indirect routes to apportion earnings to efficiency between trades, and even between grades, which are not directly in contact with one another, and which appear at first sight to have no way of competing with one another.

Marshall (1949) was carefully insistent in reminding his readers that wages tended to equal the net product of labor and that the marginal productivity of labor ruled the demand price for it. He was also careful to note that competition tended to adjust wages of workers according to the workers' efficiency.

General economic equilibrium theory predicts that competitive forces in the market will eliminate wage differences, and clearly identifies the marginal productivity of labor as the most important variable in the determination of wages. If wage differences between two areas or between various industries persist over time, either the market is not competitive, or the workers in different areas have different marginal productivities, or the theory is incorrect.

In recent attempts to explain the persistence of wage differences between North Carolina workers and workers elsewhere in the United States, resident North Carolina economists have identified some of the following

Employers may be able to match unskilled workers with sophisticated machinery.

factors as explanatory variables: lower cost-of-living , under-reported earnings of farm residents, loss of income due to unemployment, age distribution of the population, length of education, quality of education, lower fringe benefits, the race and sex composition of the labor force, lack of unions, lack of training, differences in city size, differences in industrial structure, the past acricultural heritage of North Carolina, a larger supply of labor than demand for labor, poor skills of the labor force, and a higher quality of life. The relationship between several of these so-called explanatory factors and economic theory is obscure, and some resident North Carolina economists seem open to the criticism leveled by Wassily Leontief (1960:4) several years ago that "many statistical economists still seem to believe that a string of partial correlations, if spun sufficiently long, can in some way represent a system of general interdependence."

"CORPORATIONS MAY BE ABLE TO MATCH UNSKILLED WORKERS WITH SOPHISTICATED MACHINERY, AND CONTINUE TO PAY VERY LOW WAGES..."

It seems obvious that a competitive general economic equilibrium explanation of differences in wages between regions or between industries would simply rely on comparison of labor's marginal productivity. However, the measurement of labor's marginal productivity depends on the amount and type of capital equipment employed in a production process, the particular form of management and organization in the production process, and the predominant social values regarding work. Since the issue of how to measure capital is unresolved, the measurement of labor's marginal productivity presents a nearly unsolvable theoretical problem.

As a way around the problem of measuring labor's marginal productivity, recent explanations of wage differences have relied on proxy variables such as "years of education of the population." Since North Carolina's average years of education of the population is lower than some other states, economists reason that North Carolina workers have a lower marginal productivity than workers elsewhere, and according to economic theory, should receive lower wages. Unfortunately, the direct, positive and causal relationship between years of education of the population and labor's marginal productivity is unproven, and would in any event, depend on a definition of labor's marginal productivity which did not rely on the concept of capital.

An additional criticism of contemporary theoretical explanations of the persistence of low incomes and wages in North Carolina is that the data used in statistical equations is sometimes inappropriate for the occasion, and the variables chosen to represent theoretical concepts are inadequate. For example, the "lower-cost-of-living" variable is used in almost all recent explanations of low wages in North Carolina. One study found that "our cost of living results indicate that cost-of-living averaged about 11% lower in North Carolina than in the United States as a whole. Thus, cost of living alone explains a large portion of the earnings differential between North Carolina and the overall United States" (Potthoff, 1977). A more recent explanation by a resident economist cited a study published in the *American Economic Review* (69(1):173) which found that "over 62 percent of the difference between southern and northern per capita money earnings is attributable to differences in living costs, as measured by BLS's intermediate level budget" (Bellante, in Fearn, 1979).

"...ECONOMISTS REASON THAT NORTH CAROLINA WORKERS HAVE A LOWER MARGINAL PRODUCTIVITY THAN WORKERS ELSEWHERE..."

Comparison of differences in cost-of-living between states based on the Bureau of Labor Statistics periodical report entitled *Three Budgets of Living for an Urban Family of Four Persons* is an inappropriate use of data, as the economists who compile the BLS report will readily point out:

> Regional variations are incorporated into the food-at home component (of the family budgets) based upon regional consumption patterns as reflected in the U.S. Department of Agriculture's 1965 Household Food Consumption Survey. Larger weights are given to pork and lard in the south than in the northeast compared to larger weights for beef and butter in the northeast versus the south. In order to argue that these weight variations based upon regional consumption patterns are valid for use in a geographical cost of living index, the following questions would need to be answered. Would a representative individual be equally satisfied with either the southern or the northeastern market baskets of food when the southern basket contains more pork and lard and less beef and butter than the northeastern basket? Or is it the case that the different consumption patterns in the northeast and south might reflect differences in real income (Sherwood, 1977: 11)?

In other words, the BLS survey may incorporate differences in real incomes between the north and south as a part of its method of surveying, and therefore should not be used as data in an argument that it costs less to live in one state as opposed to another.

THE PROBLEM WITH INDUSTRIAL RECRUITMENT AND ANOTHER THEORY OF THE ECONOMY

The public policy of industrial recruitment is based on two simple theoretical propositions: first, low wage manufacturing work provides more income than either agricultural work or no work at all, and second, as the capital intensity of the production process increases, so will wages.

The problem with these two propositions is that they assume a benign and competitive economy, made up of many producers, none of whom influence the market price for factors of production or for goods, and all of whom seek to maximize profits. That assumption is hopelessly naive. Following Galbraith (1973:168), it seems clear that "Transnational corporations can produce or arrange production where costs are lowest...components for models being produced in the United States are assigned routinely, to the lowest-cost foreign plant." In the case of North Carolina, the lowest-cost foreign plant may be right at home.

In addition to assigning parts of the production process to low-cost plants, corporations may be able to match unskilled workers with

"...CORPORATIONS HAVE DEVELOPED A SYSTEM OF CAREER LADDERS WHICH INSULATES WORKERS FROM THE LABOR MARKET."

sophisticated machinery, and continue to pay very low wages. This possibility was raised by the U.S. Tariff Commission (1973:118) in its report to the United States Senate on multinational firms:

> The Tariff Commission reported that "not all" low-wage countries are primitive in the sense that they are unable to absorb and profit from techniques and disciplines of modern production. Furthermore, modern technology in some industries is such that relatively unskilled labor can be combined with fairly sophisticated equipment. This contradicts the stereotyped notion of "high technology" as a process in which highly skilled labor always must be available to operate advanced, complex kinds of capital equipment.

In other words, it seems possible that corporations could locate certain portions of the manufacturing process in a low-wage region, without disruption to the corporation's total system of economic production. What would otherwise appear as a high technology, high wage corporation from a national perspective, could become another low wage industry in a low wage region.

As an alternative to the contemporary theory of competitive general economic equilibrium, Galbraith(1978:7) has suggested a theory of planned general economic equilibrium:

> Instead we have an economic system which, whatever its formal ideological billing, is, in substantial part, a planned economy. The initiative in deciding what is to be produced comes not from the sovereign consumer who, through the market, issues the instructions that bend the productive mechanism to his ultimate will. Rather it comes from the great producing organization which reaches forward to control the markets that it is presumed to serve and, beyond, to bend the consumer to its needs. And in so doing, it deeply influences his values and beliefs...

This Galbraithian view of the economy is characterized by two typed of industrial organizations. The first, and dominant, industrial sector consists of corporations which maintain oligopoly influence in the market for their products, whose productive processes are highly capital intensive, whose use of scientific management techniques and application of scientific knowledge in both production and management is highly advanced, and whose training costs for skilled technicians and requirements for a stable and literate labor force are high. According to Galbraith (1978:77), the five largest corporations in this industrial sector in 1976, with combined assets of $113 billion, had just under 13 percent of all assets used in American manufacturing corporations. The economic planning undertaken by the dominant corporations has two key features; the ability to achieve a target rate of profit through price administration and an intricate system of the division of labor, including the ability to decentralize productive processes in branch manufacturing plants according to principles of market advantage.

The other industrial sector is composed of corporations which do not influence the demand for their products, and do not administer the prices for their goods. The productive processes in these peripheral industries are less capital intensive, require fewer skilled workers and relatively more semi-skilled machine operatives than the dominant corporations, and consequently do not invest time and money in training their work force.

While the Galbraithian theory of the economy may help explain how the paradox of enormous capital investments by multinational corporations in North Carolina are related to persistently low wages, it does not fully explain how the labor market in North

"MEASUREMENT OF LABOR'S MARGINAL PRODUCTIVITY PRESENTS A NEARLY UNSOLVABLE THEORETICAL PROBLEM..."

Carolina allocates jobs to workers. As in the Galbraithian view of the economy, the labor market is seen as split between jobs which offer secure employment, advancement opportunities, and good pay and jobs which provide considerably less. Workers compete, not on the basis of wages, but for available jobs. "One set of factors determines an individual's relative position in the labor queue; and another set of factors, not mutually exclusive of the first, determines the actual distribution of job opportunities in the economy. Wages are paid based on the characteristics of the job in question and workers are distributed across job opportunities based on their relative position in the labor queue" (Thurow and Lucas, in Atkinson, 1975:104).

The dominant corporations, as mentioned above, have invested heavily in the acquisition of scientific knowledge, and apply scientific knowledge and scientific management principles to the division of tasks in a production process. In order to preserve the supply of highly trained people in certain branches of the production process, corporations have developed a system of career ladders which insulates workers from the labor market and stratifies workers according to the advancement path of the job. The job clusters with advancement opportunities have different entry

"REQUIREMENTS FOR A STABLE AND LITERATE LABOR FORCE ARE HIGH."

requirements than other job clusters, with the highly technical jobs sectors organized to encourage job stability and attachment to the corporation. Less technical, or production line jobs, can be organized to permit highly unstable work behavior.

"Getting into the right job cluster has a critical effect on the training and advancement opportunities a worker receives" (Applebaum, 1979:45). In the case of North Carolina, the branch manufacturing plants located by dominant

The relationship between years of education and labor's productivity is unproven.

corporations may not require job clusters with career advancement opportunities. And, if the plants do require the highly skilled jobs, it stands to reason that the corporation will install a person already in the corporation's career ladder. It seems likely that the skilled person would come from outside North Carolina, thus effectively shutting off the entry into the career path by resident North Carolina workers.

ECONOMIC DEVELOPMENT AND MANPOWER PLANNING IMPLICATIONS

Alfred Marshall (1949:662) wrote in 1890 that "the dominant aim of economics in the present generation is to contribute to a solution of social problems." While the dominant aim of economics today is no different than in Marshall's time, it is difficult to see how this aim can be reached so long as the image of the economy in the minds of economists and planners is based on an earlier, more competitive economic society. In the areas of wage differentials and economic development policy, contemporary general economic equilibrium theory has made no accommodation to the changing role and power of multi-national corporations.

The theory of planned corporate economic equilibrium outlined above does accommodate the role of corporations and would predict, for example, that a continued reliance on industrial recruitment would not close the wage gap between North Carolina workers and workers in other states. A public policy emphasis on dispersed location of manufacturing plants would tend to widen the gap both because the rural location of the plant would place the firm in a dominant, powerful wage bargaining position in a labor market with few competitors, and because the firm would probably demand the same level of skills as are currently held by the workers. In short, the management of a rurally located branch manufacturing plant does not have any social or economic reason to offer a level of wages in North Carolina comparable to wages in other states.

The policy prescriptions derived from the theory of a planned corporate economy would begin with the recognition that multi-national corporations have multiple objectives, and may seek to locate branch plants to further any number of its goals. The most likely objectives of the corporations are to achieve a target rate of growth in sales, a target rate of market penetration, a target rate of revenue over costs, or to accomplish other ends of a planned marketing strategy.

"...NEW INDUSTRY MAY BE IMPORTING SKILLED LABOR IN MIDDLE MANAGEMENT AND TECHNICAL OCCUPATIONS..."

The two most probable reasons multi-national corporations find North Carolina an attractive location for branch manufacturing plants relates to the objectives of market penetration by foreign corporations in the U.S. market, or of U.S. corporations in the southern market, and to the objective of achieving a target rate of revenues over cost. The low cost labor, which has a long history of working with machines without interruptions due to labor unrest is conducive to consistent achievement of the corporate objectives. As long as it remains the official policy of the State of North Carolina to "provide a labor force *appropriately* trained for jobs in new industry" (Interim Balanced Growth Board of North Carolina, 1979:5), corporations will continue to use North Carolina labor to achieve the objective of a target rate revenues over cost.

However, low cost production is only one objective of large corporations. If North Carolina State Government desired to raise the level of wages of labor, it would examine other corporate objectives, and tailor a labor training policy which met both the State's objective of higher wages, and the other corporate objectives.

Some North Carolina leaders have recently been calling for a new strategy to deal with low wages, which incorporates a perception of the influence of multi-national corporations. For example, the North Carolina Commissioner of Labor has said, "the time has come for North Carolina to break away from the philosophy that because our unskilled workers can not meet the requirements for highly technical, high wage industry, a low wage job is better than no job at all. I would urge, for your consideration, a philosophy that skill training for every unskilled worker may be an integral intermediate step from an industrially poor state to an economically advanced state" (Brooks, 1979:7).

In order to meet this call for a new economic development strategy, regional economists and manpower planners should re-evaluate the theoretical and conceptual models of growth and development which underlies current economic and manpower planning practice. For example, manpower planners in the local Comprehensive Employment and Training Act (CETA) prime sponsors should recognize that new industry may be importing skilled labor in middle management and technical occupations, and should use CETA funds to demonstrate to upper level industrial management that local workers can be trained for these positions through a combination of classroom and on-the-job training.

Regional economists should work closely with industrial recruiters to the end that the new manufacturing industries in an area be able to purchase maintenance and repair services from local service industries. The task of the regional economist is to provide the industrial recruiters with information on likely inter-industry effects of industrial purchases. Once the potential need for air conditioning and heating services or industrial maintenance services are identified, manpower planners should use CETA funds to assist local employers to train mechanics in the required occupations. Such a training scheme would require that local manpower planners identify this activity in both the annual and master CETA plans.

"...THE LOCAL PLANT MANAGEMENT MAY ITSELF BE INSTRUMENTAL IN MAINTAINING THE LABOR MARKET STATUS QUO."

In all planning activity, the regional economists and manpower planners should keep in mind the idea that branch manufacturing plants have located in the region to fulfill certain corporate objectives. Without proper evidence of the benefits of skill training, the local plant management may itself be instrumental in maintaining the labor market status quo or even raise barriers to improving the skills of the labor force. Local management would do this not because they wish to deny workers better opportunities, but because they desire to fulfill the corporate plans of the head office.

The role of economic theory in developing the basis of a public policy of better jobs through skill training is to document the case that a skilled workforce is essential to the achievement of the multinational corporation's objectives. Rather than "explaining" the status quo of low wages, North Carolina's economists and planners should use economic theory to support the idea that North Carolina's workers and North Carolina itself can fulfill many different corporate objectives. The ultimate recipients of this economic evidence would be the people engaged in strategic corporate planning. The ultimate beneficiaries would be the thousands of North Carolina workers who continue to receive miserably low industrial wages.

REFERENCES

Applebaum, Eileen. 1979. "Post-Keynsian Theory: The Labor Market." *Challenge* 21(6).

Atkinson, A. B. 1975. *The Economics of Inequality*. Oxford: Clarendon Press.

Bickett, Thomas Walter. 1923. *Public Letters and Papers of Thomas Walter Bickett, Governor of North Carolina, 1917-1921*. Raleigh: Edwards and Broughton Printing Co.

Brooks, John C. 1979. "The Better Jobs Training Paradox." Remarks to the New Bern Rotary Club, April 17, 1979.

Cherry, Robert Gregg. 1951. *Public Addresses and Papers of Robert Gregg Cherry, Governor of North Carolina, 1945-1949*. Winston-Salem: Winston Printing Co.

Fearn, Robert. 1979. "The Dynamics of Employment and Wages in North Carolina." Conference Address, North Carolina State University Faculty Club, Raleigh, N. C., March 30, 1979.

Galbraith, John Kenneth. 1973. *Economics and the Public Purpose*. Boston: Houghton Mifflin Co.

Galbraith, John Kenneth. 1978. *The New Industrial State*, Third Edition, Revised. Boston: Houghton Mifflin Co.

Hodges, Luther Hartwell. 1960. *Messages, Addresses, and Public Papers of Luther Hartwell Hodges, Governor of North Carolina, 1954-1961*, Volume 1. Raleigh: Council of State, State of North Carolina.

Interim Balanced Growth Board of North Carolina. 1979. "Proposed Criteria To Be Used In Designating Communities as Growth Centers." Raleigh: The Board.

Leontief, Wassily W. 1960. *The Structure of the American Economy, 1919-1939 - An Empirical Application of Equilibrium Analysis*. New York: Oxford University Press.

Marshall, Alfred. 1949. *Principles of Economics*, Eighth Edition. New York: MacMillan.

McLean, Angus Wilton. 1931. *Public Papers and Letters of Angus Wilton McLean, Governor of North Carolina, 1925-1929*. Raleigh: Edwards and Broughton Co.

Morrison, Cameron. 1927. *Public Papers and Letters of Cameron Morrison, Governor of North Carolina, 1921-1925*. Raleigh: Edwards and Broughton Co.

Potthoff, Richard F. 1977. *A Study of the Determinants of Geographical Earnings Differentials*. Greensboro: Burlington Industries, Inc.

Sherwood, Mark. 1977. *The Measure of Poverty*, Technical Paper IV. Washington, D. C.: United States Bureau of Labor Statistics, Family Bureau of Labor Statistics, Family Budgets Program.

Stigler, George J. 1966. *The Theory of Price*. New York: MacMillan.

United States Tariff Commission. 1973. *Implications of Multinational Firms for World Trade and Investment and for U. S. Trade and Labor*. Report to the Committee on Finance of the U. S. Senate.

Vaden, Ted. "Low N. C. Wage Ranking Defended." *Raleigh News and Observer*, April 1, 1979.