

Muscle Shoals, Alabama

The Shoals Rounds a Long Curve

Crawling out of the economic morass of the Great Recession, the Florence-Muscle Shoals, Ala., metropolitan area is holding its own. By some measures, it is even a leader: from the bottom of the recession through May 2011, “the Shoals” led Alabama’s 11 metro areas with employment growth of 3.5 percent, according to data compiled by the Federal Reserve Bank of Atlanta.

But you’ll not likely hear talk of an economic bonanza. The Shoals, as the area along the Tennessee River in northwest Alabama is known, never reached the economic peaks of some places, and subsequently did not dip as dramatically, noted Kerry Gatlin, dean of the College of Business at the University of North Alabama in Florence.

“We like to say we have turned a corner,” said Gatlin, who’s lived in the Shoals for 29 years. “It’s more of a curve than a corner, though. We are slowly improving, but it’s not a booming economy.”

In some ways, the Shoals has been rounding an economic curve for 25 years. The president of the Shoals Chamber of Commerce, Steve Holt, calls it an “island economy.” That’s because it is situated at least 65 miles from any other metro area and 50 miles from the nearest interstate highway. That location draws people from surrounding rural areas to shop, eat, and go to the doctor. Yet it also isolates the Shoals from the spinoff benefits that come from proximity to larger economic centers.

Manufacturing’s decline rattled the area

Once, such relative isolation didn’t much matter. Up until the 2000s, the Shoals economy for decades had comfortably relied on a handful of large manufacturers, particularly textile and metals makers, that paid comparatively high wages. “These industries began deteriorating in the 1980s and continued to throughout the 1990s and 2000s,” Muscle Shoals Mayor David Bradford said in 2010 congressional testimony.

Bradford was speaking to a House committee studying the U.S. Commerce Department’s Economic Development Administration, which helps distressed communities craft development strategies. The Shoals qualified for such assistance when its economic bedrock began crumbling.

First, a Ford Motor Co. assembly plant closed in the 1980s. Meanwhile, the local workforce at Reynolds Metals, now Wise Alloys, has gradually dwindled from nearly 6,000 to roughly 1,100 today. Local employment at the Tennessee Valley Authority (TVA), a federally owned electric utility, likewise has declined from a peak of 5,500 to fewer than 1,000. And thousands of jobs in textile mills evaporated in the 1990s and early 2000s.

All told, the area has lost nearly half its manufacturing employment in the past 16 years. Factory jobs declined from 14,300 in 1995 to 7,400 in June 2011, according to the U.S. Bureau of Labor Statistics (BLS). In 1995, one in four nonfarm jobs in Muscle Shoals was in manufacturing. Today that portion is 13 percent, which is still higher than the 8 percent national share.

To be sure, as once dependable manufacturing jobs have evaporated, lower-paying service jobs have multiplied, Gatlin said. But total nonfarm employment in Muscle Shoals has not changed much for two decades, according to BLS figures. In June 2011, the area had 55,300 nonfarm jobs, about 2,800 fewer than in 1995.



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Population	12,803
Florence-Muscle Shoals statistical metropolitan area	143,096
Median household income	\$49,065
Median owner-occupied home value	\$121,900

Source: U.S. Census Bureau, 2005–9 American Community Survey

When Wilson Dam was completed in 1924, its locking facility of 100 feet was the world's highest single lock, and it remains the highest single-lift lock east of the Rockies.

One other figure helps to illustrate how wrenching the area's long economic transition has been. According to a December 2010 Brookings Institution study on the decline of metropolitan manufacturing, Florence-Muscle Shoals's inflation-adjusted average wage for all jobs fell 11 percent from 1980 through 2005, a slightly worse decline than that experienced in Flint, Mich. In the United States as a whole, average wages in those years rose 28 percent, according to Brookings.

"The '80s were a really, really tough time in the Shoals," Gatlin said. "We went through our most painful transition then." In the early part of that decade, Florence-Muscle Shoals's manufacturing employment plummeted from above 15,000 to about 12,000.

More balanced today

Today, the picture is different. This year's modest job growth results from a sprinkling of hiring across a mix of industries, according to Holt. Retailing, transportation, and even construction and manufacturing each added 100 or so jobs in recent months. "We're probably more balanced than we've ever been," Holt said.

In fact, improving industrial diversity is helping to stabilize the economy, according to a March 2011 report on the economy of Florence-Muscle Shoals by

Moody's Analytics. As of May, the top 10 employers in the area included just two manufacturers—a Sara Lee Foods meat processing plant and the Wise Alloys aluminum can factory. Also in the top 10 are two hospitals, two public school systems, the University of North Alabama, the TVA, the city of Florence, and a distribution subsidiary of Books-A-Million Inc., founded in Florence but now based in Birmingham. During 2011, education and health services employment has been far and away the biggest source of job growth.

In recent years, international firms have accounted for most of the biggest one-shot job gains in Muscle Shoals. A Japanese automotive lighting maker and a Swedish tissue manufacturer located plants there in the mid-2000s. A high-end golf course, part of the Robert Trent Jones Golf Trail owned by the Retirement Systems of Alabama public pension fund, opened in 2005. It attracted a Marriott hotel and conference center that has drawn small conventions.

This year, Holt said, several major retailers have opened stores in the Shoals, including Ross, Publix, and Bed, Bath and Beyond.

Large-scale industry recruitment has certainly brought the Shoals sorely needed employment. But in the past 15 years, startup companies incubated by the Shoals Entrepreneurial Center have probably generated more jobs than the small

number of large plant openings, Gatlin said. The Shoals Entrepreneurial Center's companies have created "just under 1,500 jobs," according to the center's website.

Before the recession, the unemployment rate in Muscle Shoals dipped as low as 3.8 percent, on average, for all of 2007. It averaged 8.8 percent through the first five months of 2011, which was lower than the Alabama rate of 9.3 percent and just below the U.S. jobless rate for the same period.

Judging from projections by the University of Alabama's Center for Business and Economic Research, the Shoals area appears likely to continue its modest progress. The center forecasts the metro area population will grow about 3 percent between 2010 and 2015, to 149,045.

Having seen the Shoals's darkest times, Gatlin harbors realistic hopes. "We'll probably be behind the national economy; we don't anticipate being out front," he said. "But we'll continue to improve." ■

This article was written by Charles Davidson, a staff writer for EconSouth.