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POLITICS | ELECTION 2016

South Carolina GOP Voters Feel the Benefits of Free Trade—but Also the Scars

State excels in global competition but remembers pain from closed mills, revealing a Republican voter divide

By [Bob Davis](#) [Follow](#) and [Valerie Bauerlein](#) [Follow](#)

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A worker at BMW's Greer, S.C., plant, part of the state's embrace of global trade. PHOTO: LUKE SHARRETT/BLOOMBERG NEWS

GREER, S.C.—Global competition has turned South Carolina, the scene of a Republican primary on Saturday, into a trade powerhouse. Andrea Howell knows she is one of the winners but is wary nonetheless.

Mrs. Howell, a supervisor at [BMW](#) AG's plant here, says working for the German company has given her job security, promotions and a fat enough salary to pay off two mortgages and put her daughter through college. "Working at BMW wasn't just a job but a life-changer," she says.

Even so, she is no fan of free trade. Two uncles struggled to make ends meet after losing their work at a cotton mill that closed in the 1980s, in a shutdown that devastated the area around Greer. In the primary Mrs. Howell plans to vote for [Donald Trump](#), who she figures wouldn't let foreign companies "beat us" again.

Few states have been more nimble than South Carolina in adjusting to global competition. The state turned the loss of 80,000 textile and apparel jobs since 1980 into part of its pitch to foreign manufacturers and U.S. exporters that need a big pool of workers to staff new car, tire and aerospace plants. Even some Chinese textile makers, once the scourge of the state's business establishment, are setting up beachheads in South Carolina, which leads the nation in percentage of workers employed by foreign companies—8.4% in 2013.

Yet the benefits are unevenly spread and have gone disproportionately to the college-educated in larger population centers. And though the new jobs generally pay better than those in textiles and apparel, there aren't nearly enough of them to make up for the losses when international competition hammered those older industries.

The emotional scars run deep, and they help explain why the Republican Party this election year is caught between an outward-looking business wing that is open to immigration, free trade and Export-Import Bank financing—and an inward-looking blue-collar base that has lost faith in the traditional GOP business agenda.

Trey Walker, a former deputy chief of staff to Republican Gov. [Nikki Haley](#), says it is easy for a politician to say, "We need to close the borders...China is killing us and we'll bring them in the boardroom on 'The Apprentice' and tell them a thing or two." But, he says, "that's not the way it works. In South Carolina, we're exporting tons of stuff."

Mr. Trump, who has a strong lead in polls of South Carolina voters, makes the opposite case out on the hustings. Mr. Trump told a crowd in suburban Charleston on Monday that foreign competitors are playing the U.S. for a fool. "China is ripping us off like nobody has ever seen," he said. "Vietnam's a new one, Mexico's a disaster. Mexico's the new China. They are taking so many businesses."

The primary on Saturday is a Republican-only affair. Democrats will hold a South Carolina primary a week later.

Exports have been a steadily growing contributor to South Carolina's economy. From 2002 to 2014, exports as a percentage of the state's output doubled to 15.6%, according to [Moody's](#) Analytics.

About 150,000 jobs depend on that export business, the Commerce Department calculates. The state has factories from some of the world's best-known manufacturers, including U.S. aircraft-maker [Boeing](#) Co. and French tire-maker Compagnie Generale Des Etablissements Michelin SA.

BMW alone generates about 21,000 jobs at its plant and those of suppliers, a study by the University of South Carolina has said. About 70% of cars that BMW's South Carolina factory produces are sold abroad.

China, the state's leading export destination, is BMW's top foreign customer. Plant workers marvel at what they call "Chinese cars," loaded with nearly every conceivable extra. "They're like Sheikh of Qatar cars," says Sherry McCraw, vice president of finance at the auto plant.

South Carolina focuses on attracting big manufacturers like BMW because their plants are so capital-intensive that once they are built, the owners aren't likely to flee to another location just to save a little on labor, says the state's commerce secretary, Bobby Hitt.

The jobs added by these exporters, however, haven't kept up with South Carolina's past losses from the collapse of its textile and apparel industries. The mill losses worsened amid competition spurred by U.S. trade deals with Caribbean nations in 1983, Mexico in 1994 and Central America in 2006, along with China's entry into the World Trade Organization in 2001.

From 2001 to 2014, state jobs in textile and apparel making fell by more than 50,000 while manufacturing jobs in industries the state woos—cars, aerospace and tires—rose by just 5,500, Bureau of Labor Statistics data show.

Sophisticated new factories require relatively few additional workers to increase output. BMW says between 2010 and 2014 it more than doubled production of its South Carolina plant, to 350,000 vehicles in a year, while adding just 1,000 workers. Michelin says it needs half as many workers as in the 1980s to produce 50% more tires.

To get one of the newer jobs, workers often need at least an associate degree. Nearly half of South Carolina adults don't have college diplomas.

"Even though the state is benefiting more than most states from the wave of international investment and exports, there are an awful lot of people who are merely

spectators,” says Mark Vitner, a [Wells Fargo](#) & Co. economist. “They see the new investment, but it hasn’t helped them.”

South Carolina’s unemployment rate of 5.5% in December, the latest available figure, remained above the national rate at the time of 5%. (It is now 4.9%.) Census data show South Carolina’s median household income trails the national median by 16%.

In rural Chester County, in the northern part of the state, the new, more diversified economy has yet to take hold, while once-dominant agriculture and textile industries have withered. Roughly a quarter of South Carolinians live in counties like it.

In the mid-2000s, the county lost roughly 4,000 of its 14,000 overall jobs because of textile and other plant closings, according to the local economic-development office. In 2009, with the global recession also hitting hard, Chester County’s unemployment rate reached 20%.

Local officials sought to lure foreign employers but at first usually struck out.

Karlisa Parker, the county’s head of economic development, says she initially emphasized the rural quality of life, with inexpensive homes and friendly people eager to work. It took her a while to realize the county’s biggest asset was its proximity to certain more-desirable locations, such as Charlotte, N.C., 40 miles away on an interstate.

When the U.S. subsidiary of Singapore’s Giti Tire Pte. Ltd. was deciding where to build a plant, Chester County showed off a site that had stood vacant since 1986. This time, officials whisked the visitors to Charlotte for the evening, where they stayed overnight near [Bank of America Stadium](#), home of the Carolina Panthers. The next day, the executives toured Ballantyne, a pricey Charlotte suburb that borders South Carolina and is close to an international school.

Giti says it chose Chester County last year to build a factory that will eventually employ 1,700. Julianto Djajadi, an executive vice president of Giti’s U.S. unit, praises the county’s highways, rail lines and proximity to the port of Charleston. He says Giti executives are house-hunting in Charlotte.

Justin Reynolds, a state transportation-department worker, says the foreign-owned tire plant will “be a benefit to the ones that’ll get in there and work. But at the end of the day, is it benefiting us or the country it comes from?”

Foreign companies have been a steadying influence on the state's economy. The number of workers employed at foreign-owned plants has remained at around 130,000 since 2000 despite a one-third drop in overall manufacturing employment in the state.

Andrea Howell, a supervisor at BMW's plant in Greer, S.C., says working for a foreign company that exports much of its output has been a boon for her, yet she remains wary of global competition because of the way it hammered textile mills in the area in the past.

PHOTO: BOB DAVIS

The foreign companies and U.S. exporters have expanded mainly in the low country around Charleston and hilly upstate region bisected by Interstate 85. Greenville, close to BMW's base in the state's northwestern corner, was once the home of a textile fair. Now the city boasts a minor-league baseball team that is called "The Drive" for the local auto industry. It has a renovated downtown and a plethora of international festivals.

South Carolina's welcome to foreign investment traces to the late Roger Milliken, longtime CEO of textile giant Milliken & Co. Although known for bankrolling protectionist forces during trade fights in Washington, he also championed upstate South Carolina's transformation.

He pressed for an expansion of Greenville's airport, which made it easier for Milliken to export, say company executives, and pressured German textile-machinery suppliers to build a plant in the region to better service Milliken's mills. He joined in wooing Michelin to build a plant in South Carolina in 1975.

Some textile bosses opposed Michelin's move out of fear the French company would bid up the price of local labor. Eventually they concluded a boost in the tax base would outweigh the risk, says Augustine Tantillo, head of the National Council of Textile Organizations. Michelin was followed by BMW in 1994 and four other foreign tire companies.

The economy of the low country near the seacoast was similar in going international. Boeing opened a plant to build the 787 Dreamliner in 2011. Daimler AG's Mercedes-Benz and Chinese-owned Volvo Car Corp. announced plans last year for car factories nearby.

Gov. Haley says such investment has helped remake South Carolina's economy and image. "Some of the presidential candidates are tone deaf to the fact that we've had this major renaissance of 'Made in America,' " she says.

Even among auto workers who drive expensive X-Series BMW sport-utility vehicles with cut-rate leases, suspicion lingers about the value of globalization, however. Workers are proud of BMW's success internationally. At the same time, many remember when global competition vanquished the mills where their parents and grandparents worked. In presidential politics, such memories draw some workers to candidates they consider strong leaders who are skeptical of the internationalism of the traditional GOP pro-business agenda.

Cars newly produced in Greer, S.C., at a BMW plant. PHOTO: LUKE SHARRETT/BLOOMBERG NEWS

Billy McCarty, taking a break from fixing BMWs pulled off the assembly line, says he understands his employer prospers through exports. But when he thinks of global competition, he mainly thinks of his hometown of Ware Shoals, where the cloth mills closed because they couldn't compete.

He says his mother lost her mill job and had to change course in her 50s, becoming a paramedic. Others in the town, where he still lives, became landscapers or retired because they couldn't find work.

"All competition is good," Mr. McCarty says, "but it's a touchy situation when you look at foreign companies coming and taking business." In the primary, he is considering Texas Sen. Ted Cruz and Mr. Trump.

Populism has long been part of South Carolina's political culture, featuring figures such as "Pitchfork" Benjamin Tillman, who was elected governor in 1890 after telling

struggling upstate farmers that low-country landowners didn't have their interests at heart. Gov. Haley won the 2010 Republican nomination on the strength of the Tea Party movement. She said recently she has tried to keep an outsider's mentality while working inside the political system.

Republican political leaders say they are grappling with such populist concerns. Wes Climer, GOP chairman of York County, which is growing because of its proximity to Charlotte, says the South Carolina primary usually favors someone who has put together a coalition of social conservatives and "Chamber of Commerce Republicans." Early last year, he figured that a relative centrist would be the favorite.

But Mr. Climer describes the dominant political current as "a palpable sense of anxiety and frustration." Having seen the enthusiasm Mr. Trump's rallies draw, he says he finds it hard to imagine anyone else carrying the state.

Corrections & Amplifications:

Michelin opened a plant in Nova Scotia in 1971 and bought a manufacturing facility in 1907 in New Jersey, which it shut in 1930. An earlier version of this article incorrectly stated Michelin's South Carolina manufacturing plant, opened in 1975, was its first in North America. (Feb. 19, 2016)

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