**Fashion Economics: FM 4339**

**Quiz #10 The US Textile Industry**

 **Chapter (11 & 12)**

**Dr. Adomaitis**

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**Rosen, E. I. (2002). The Globalization of the U.S. Apparel Industry:**

**Making Sweatshops. University of California Press.**

Please answer to the best of your knowledge the following essay question. Use detail where appropriate. Remember grammar, punctuation & spelling count.

1. Throughout *Making Sweatshops*, Rosen discusses the development and progression of US textiles mills, manufacturing, along with retail. What is the significance of each of these: (1) textile mills, (2) the manufacturer, and (3) the retailer as part of the retailing pipeline? Choose textile mill, manufacturer or retailer and discuss how it has led to the reader’s understanding of what a “Sweatshop” is today. Defend your answer with citation from the book along with another creditable author on this topic. (2pts)

The significance of textile mills lies in the role of where raw materials like cotton, silk, wool, and even synthetic fibers are taken to be sewn in technological machines to create textiles and apparels. The process undergoes through spinning, weaving, knitting, and dyeing. Textile mills are a big part of the industry contributing to job opportunities, global trading, economic developments, and cultural transformation. The bigger textile factories started combining vertically and horizontally, allowing them to fund a broader range of industries (Rosen, 2002, p. 92, par. 3). As the industry grows, it enables textile companies to diversify their goods and service. The expansion of the textile industry has given the opportunity to branch out while promoting economic progress.

The significance of the manufacturer is their contribution to the production of goods such as textile and apparel. Manufacturers’ role provides essential goods to consumers driving economic growth and meeting societal needs. The industry, largely controlled by a handful of retailers, textile producers, and apparel manufacturers, is now mainly involved in a competition centered on cutting prices and boosting the volume of clothing sold to consumers worldwide (Rosen, 2002, p. 8, par. 3). The continuation of growth in the industry lead to manufacturers producing products in foreign countries to gain profit with cheaper labor cost and reduced tariffs. Therefore, manufacturers have control over the production processes and supply chain within the textile and apparel industry.

The significance of the retailer lies in between the manufacturer and consumers. Consumers benefit directly from the convenience of purchasing goods brought to market by manufacturing companies. During the 1980s, portions of the apparel and textile industries partnered with apparel retailers to advocate for an accelerated surge in imports of textiles and clothing produced in countries with lower wage rates (Rosen, 2002, p. 7, par. 3). Retailers brought the products to the market shaping merchandising strategies, learning consumer behaviors, building customer relationships, and advertising. Therefore, retailers help boosts businesses and improving overall customer shopping experience.

Textile mills resembles a “Sweatshop” as they often have similar labor practice. The production of making textile and apparel often occurs in the same factories where workers produce the same type of goods at a low pay rate which leads to concerns about working conditions and wages. Certainly, many women in the U.S. clothing industry frequently labor for more than eight hours daily in environments lacking basic safety measures and mandated legal safeguards, while receiving wages below the minimum threshold (Rosen, 2002, p. 3, par. 3). Today, many are aware of the low wage and unsafe working environment faced by women for years therefore manufacturing companies have implemented rules and regulations towards ethical and sustainable practices. To produce goods rapidly and affordably, sweatshop laborers, frequently women and children, endure long and strenuous workdays for low wages that fail to meet basic needs, all within harsh working and living conditions (Nguyen, 2022). Textile mills often operate under similar conditions to sweatshops, and the labor practices performed by women are crucial to meeting the industry’s demand for cheap and fast produced garments.

1. Rosen discusses “Free Trade,” the end of quotas and tariff reductions. As noted several times in the book, trade policy for apparel has often been lead by political agendas. State (cite) a time in history when trade policy was in fact, affected by a country’s political agenda. How would trade change if negotiations were made to have US apparel made in sub-Sahara Africa. Give examples of issues that effect sub-Sarah Africa from the Diana Sawyer Interview. (2pts)

World War II was a time wherein trade policy was implemented and in fact did change the political agenda. The United States' move towards trade liberalization commenced during the Great Depression of the 1930s, as Cordell Hull and his allies persuaded Franklin Roosevelt that the Hawley-Smoot Tariff Act's high protective tariffs lead to international economic isolationism and setting the stage for the depression and World War II (Rosen, 2002, p. 14, par. 1). After the Great Depression, the U.S. soon began to implement trade policies and sanctions. The “economic isolation” would severely cause another economic downturn therefore, it was necessary to reconstruct trading policies from other foreign countries to help boost economic growth. As a result, the U.S. started forming relationships in East Asian countries to help rebuild the textile industry.

The apparel being made in sub Sahara Africa had significant impact on negotiations as their goal was to transform African nations into low-wage locations for apparel assembly operations to commence (Rosen, 2002, p. 205, par. 2). This could lead to employment opportunities and economic growth in Africa. Clinton also mentioned that it would enhance the U.S. economy by unlocking markets with "hundreds of millions of potential consumers" for American manufacturers and aid in the development and diversification of African economies (Klobucista & Ferragamo, 2023). Tariff agreement could also change in a new region as well as Africa’s integration in the global market. Although, there could be new challenges in workers’ rights and environmental sustainability factors. The high prevalence of AIDS among the African population is also perceived as hindering development efforts (Rosen, 2002, p. 206, par. 1). Although, it opens new market of production in Africa, many individuals are facing health conditions related to HIV. This can cause a delay as the diagnosed workers with HIV will need fewer working hours due to their illness.

**Rosen, E. I. (2002). The Globalization of the U.S. Apparel Industry:**

**Making Sweatshops. University of California Press. (cont.)**

1. Why is China considered a major player in apparel production? How does artificially devaluing and inflating the Yuan help China? Give two examples, one where devaluing the Yuan and one where inflating the Yuan has created an advantage for China and has hurt the export/import country. Use a citation from Rosen along with a credible outside source to defend your answer. (2pts)

In apparel production, China has large manufacturing industries that developed advanced infrastructure and a wide-ranging supply chain. China offers labor costs that are cost-effective allowing many nations to outsource their production to the country making it cheaper for apparel manufacturers. China is currently one of the biggest and most proficient textile producers globally, being the largest cotton-producing nation and hosting the largest industry for man-made fibers and fabrics (Rosen, 2002, p. 210, par. 3). China’s dominance in the manufacturing industry has made the country the top exporter of textiles and consumer goods. China’s textile and apparel sector benefits from advanced technology making the country one of the largest producers of garments worldwide.

There are a few advantages of devaluing the yuan, firstly, exports become inexpensive for foreign countries to buy goods boosting economic growth. Secondly, it creates more employment opportunities supporting its labor force due to increased production. The devaluation of the yuan since 2014 is primarily a reaction to market forces rather than a deliberate attempt to unfairly enhance competitiveness through currency manipulation (Fernández, 2019). China’s strategy to devalue their currency is to enhance export making it cheaper for foreign markets and potentially boost economy. Although this helped the country, the downside has can lead to inflation such as high import costs and difficulty with trading partners may affect destabilizing the economy.

On the other hand, inflating the yuan comes with benefits to their economy such as the increase of exports. This helps lower production cost making it efficient for suppliers and manufacturers to meet demands that rely on raw materials. The cost of Chinese exports is influenced not only by the exchange rate of the yuan against foreign currencies but also by domestic factors such as manufacturing costs within China. Inflation rates in China have often been higher than those in its trading partners (Klein, 2015). Inflation in China holds value as it also attracts foreign investors aiding the country’s flourishing economy. However, there are disadvantages such as risk of competitiveness, job loss, and potential negative reactions from trading partners.

d. Women have been part of the apparel work force throughout its development that has transitioned into a global entity. Give two (2) examples in history when women’s wages were not of equal value to those work wages of another industry or her male counterpart. Please cite each reference. Describe how the Lowell Model has shed light on the difficulties of being a woman in a low-wage industry. (2pts)

Women entering the workforce were often paid lower wages than men due to exploitations such as undervaluing their contributions solely based on gender. Auto workers, being part of a robust industrial union, have received wages higher than those in other industries over the past four decades, and this is one contributing factor (Rosen, 2002, p. 225, par. 2). The labor force in the United States were male dominated especially in industries like manufacturing and construction. This led to textile workers seen to be less deemed than traditional male-dominated industries. The inequality of wages between men and women persisted despite the same contribution towards the workforce.

The gender inequality between men and women was evident in the differences in wages and opportunities they encountered throughout history. This indicates that women tend to receive a lower percentage of their former earnings compared to men when they are rehired (Rosen, 2002, p. 229, par. 1). Female workers were treated unfairly giving them limited access for opportunities leading to lower wages than men. Apparel workers, like the women currently losing their jobs in the American South, are usually not part of labor unions and earn considerably lower wages compared to workers in other manufacturing sectors (Rosen, 2002, p. 229, par. 2). After losing their jobs, the wages suddenly deflated leaving many workers unemployed. When workers were rehired, wages were much lower from the beginning causing financial struggles.

On the other hand, women in a low-wage industries were seen as vulnerable because of their limited capability of earning high income. Female workers experienced difficulties such as job insecurity, facing cruel and unsafe working conditions, and limited opportunities for advancement. The Lowell model was able to shed light on this by women working in industrial production within the export-processing zones of developing nations might experience a shift away from conventional patriarchal control (Rosen, 2002, p. 240, par. 2). Therefore, it highlighted the challenges that women faced while dealing with demanding and exploitative industries like the textile and apparel industries.

1. Discuss how the events of September 11, 2001 have effected international sourcing of apparel. Give at least two (2) examples. How has terrorism effected consumer consumption along with the US economy? (2pts).

The 9/11 attacks changed how the clothing industry gets its materials from other countries. People became more careful with their money after the attacks, and they were worried about safety more than before. This made businesses in the US worried about spending and unsure about the future. Worries about terrorism have led to reduced spending, resulting in extensive layoffs of apparel workers in export-driven sectors globally. (Rosen, 2002, p. 248, par. 1). So, many companies decided to rethink where they get their materials from. They wanted to reduce the chances of problems caused by things like politics or problems in other countries. Instead, they looked for places closer to home to make their clothes or found different places to get their materials from.

This change was not just about avoiding problems; it also matched what people wanted. People started to prefer things made locally or from places that treated workers well. Since 1997, ATMI has recorded the closure of 398 textile mills in the United States, resulting in the termination of over 60,000 employees, which accounts for approximately 10% of the industry's total workforce (Rosen, 2002, p. 248, par. 3). This whole situation pushed companies to be more open about how they make their clothes and to work closely with the places they get their materials from. So, even though the 9/11 attacks caused some problems, they also made companies find new and better ways to do things.

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