

## Quiz #6: The US Textile Industry Chapters 6 & 7

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**a. In relation to the textile industry, where was the apparel industry located? When was the formation of the Apparel industry? What was considered “inside-shops” versus “outside shops”? (2 pts)**

The apparel industry was formed by Jewish and Italian immigrants and was based in New York City between 1880 and 1920, “The culture of these manufacturers rooted in a craft tradition of tailoring and sewing skills was urban and cosmopolitan” (Rosen, 2002, p.96, par.2). The apparel industry originated firstly in the early 19<sup>th</sup> century in New England and later moved to New York City.

Inside shops were family-owned businesses that were in charge of all aspects of the garment production from design to manufacture and Outside shops were taking designs from others and manufacturing the garments, ““outside shops’ run by contractors who might do either the cut and assembly or only the assembly work” (Rosen 2002, p.97, par.1). Sounds like they were inspired by the Ford model and the spirit of the industrial revolution where one part specializes in a specific part and very few know how to do the whole job.

ANSWER: NEW ENGLAND , PAGE 96 PAR 2 ALSO

**b. Define *runaway shop*. How did *runaway shops* affect the apparel industry? How did the International Ladies’ Garment Workers’ Union (ILGWU) make union contract shops honor their contractual obligations? (2pts)**

Runway shops were shops that were driven to profit by low-wage individuals, which means they were living in the city that was becoming regulated and unionized in the South where individuals were leaving still in segregation. “Manufacturers begin to move to lower-wage, nonunion areas out of town” Rosen, 2002, p.98, par.3). As we know when the South became regulated the industry moved overseas to keep the prices low and the industry profitable.

The apparel industry was affected by the runaway shops because it was hard to organize it from the top-down, from NY to the south, it was not the internet age yet, and also “even if the workers won union elections under such conditions, manufacturers or contractors were unable to afford a union contract” (Rosen, 2002, p.100, par.1), conditions that were not good for the apparel industry.

The ILGWU required basic workers' rights like fair wages, "ILGWU strategy was to enforce the union contract in runway shops requiring that union manufacturers who moved out of town continue to pay union wages and employ union contractors" and they enforced by creating contracts and charging fines to the manufactures.

**c. What was the result when U.S. importers, retailers, and manufacturers decided to contract work to East Asian producers? Why did U.S. importers, retailers, and manufacturers decide to contract work to the East rather than to U.S textile mills if the foreign competition was already problematic? (2pts)**

As a result of the post WW2, free trade agreements products produced in Asia became much cheaper than the ones produced in the US. "The growth rate of Japanese imports was higher than the domestic production rate" (Rosen, 2002, p.103, par.3), overseas production surpassed US production in 1956.

US importers started buying from Asia because of the lower prices made possible by free trade agreements that reduced the taxes on imports, "Even allowing for the various current import duties and the cost of transportation, we could undersell the domestic market by anywhere from 20 to 30 percent" (Rosen, 2002, p.106, par.1), the products were also made cheaper because of low wages and nonunion overseas workers.

**d. Define MFA? What was the purpose of the MFA? How did the NIC (Newly Industrializing Countries) of Hong Kong, Taiwan & South Korea keep abreast of the changes in foreign policy and manage an increase in imports? (2pts)**

MFA, "a special trade regime"(Rosen, 2002, p.110, par.3), the regime was in effect between 1974 and 1994, and it was used to protect the national apparel industry from the low cost overseas.

The regime controlled the number of products being imported to the US and increased the number of goods being exported to Asia and also assisted the balance of imports and exports in developing countries "Its purpose was also to further the economic and social development of developing countries and secure a substantial increase in their export earnings from textile products and to provide a greater share for them in world trade in these products" (Rosen, 2002, p.110, par.3), only 6% of the products produced in the "Newly Industrialized Countries" could be exported.

The overall purpose of the MFA was to be able to "secure the substantial increase in exports." As well as obtain free trade while minimizing the quantity of products being imported to the United States. To be able to achieve protection for apparel industries and domestic textiles. Seeing that reports of imports are greater than domestic production in the United States. (Rosen, 2002, p.110, par.3). The MFA was in place to be able to generate balance for developing countries, while also maintaining the number of imports entering these countries. "While the NICs remained the largest suppliers until the mid-1980s, producers in the ASEAN countries soon began to expand their own imports" (Rosen, p.113, par.1). ASEAN Hong Kong Taiwan and

South Korea) countries received lower wages than NIC (South East Asia) countries, both agreed to follow MFA regulations.

ANSWER: PAGE 112

**e. How did the Reagan administration view foreign trade policy? What were some of the social transformations that the U.S. had endured in the 1970's that effected foreign trade policy? What was the effect on apparel imports? Imports from The People's Republic of China (PRC)? (2pts)**

Reagan decided to end the foreigner policy and started a "new free trade agenda". (Rosen, 2002, p.119, par.1), marking the liberalization of trade.

During the 70s the country was going through the national apparel industry was going through a process of mergers and acquisitions that consolidated the US market, only large companies could make investments in technology to remain competitive with the Asian imports and remain profitable. Also, "apparel produced offshore by American transnationals has also become a larger and larger proportion of domestic apparel consumption" (Rosen, 2002, p.117, p.4), American started to shop more imported goods.

China became a threat as it modernized and invested heavily in the apparel industry. China was part of the MFA but the PRC found ways to manipulate quotas established by the MFA with the use of "fake visas to send illegal shipments of clothing to the United States, which led to the growth of low-cost Chinese textile and apparel products" (Rosen, 2002, p.122, par.3), eventually, this resulted in a shift during the 1980s, from 80% apparel imports from Hong Kong Taiwan and South Korea to mostly importing from China.

ANSWER:PAGE 118

SOCIAL TRANSFORMATIONS: PAGE 120 FIRST PARAGRAPH

ASSISTANCE FOR DISPLACED WORKERS  
OIL PRICES, DRAMATIC FOREIGNER INVESTMENT IN THE USA CONTRIBUTING TO THE  
DISINDUSTRIALIZATION OF AMERICA, FIRST EXPORTS DEFICIT, CRISIS OF COMPETITIVENESS  
COLD WAR WITH THE SOVIET UNION,

CHINA PAGE 122 AND 123 PAR 3

## References

Rosen, E. I. (2002). *The Globalization of the U.S. Apparel Industry: Making Sweatshops*. University of California Press.