

Fashion Economics: FM 4339
Quiz #10 The US Textile Industry
Chapter (11 & 12)

Dr. Adomaitis

____Danielle Daniel-Ramsey____ (name)

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.

- a. 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 credible author on this topic. (2pts)

The significance of the textile industry to the development of progression is that the textile led apparel industry has benefited from regional trade with the Caribbean Basin countries and Mexico. "With the treat of NAFTA and MFA phase-out, textile executives and their apparel customers pressed throughout the 1990s for CBI parity" (Rosen, 2002, pg. 203, par. 3). The CBI parity was created to equalize trade benefits between Mexico and the CBI nations, the goal of this nation was to also improve the U.S. textile industry competitive advantage with producers in Asia. Clothing retailers however, saw trade with the CBI nations merging unjust regulatory elements. During the early 1990s, the U.S. Apparel Industry Coalition began to end custom apparel transactions with CBI nations and to simplify the paperwork requiring importers to keep record of their compliance with the rules. The segment of the fashion industry that is retail led won regulations allowing retailers and suppliers to get their resources globally.

Textile mills were created to give adults and sometimes children (before child labor laws) a place to work for almost nothing in what was called a sweatshop. The working conditions during the early 1900's was harsh on the women and men who worked there. "Today, sweatshops are frowned upon but continue to thrive due to customers supporting companies that utilize this type of labor:" (McGrath, 2014). Unfortunately, textile factories still exist today in many parts of the world and are commonly known as sweatshops. Some of the

companies that use sweatshops are The Children's Place, H&M, Nike and GAP.

- b. 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-Saharan Africa. Give examples of issues that effect sub-Saharan Africa from the Diana Sawyer Interview. (2pts)

In the year 2000, the Clinton administration did well when getting the textile and apparel industry to agree on a plan for the African trade liberalization that went together with trade parity for the CBI nations. "Congress introduced a bill that would both permit fashion producers to open new markets in Africa for low wage production and give the textile industry CBI parity" (Rosen, 2002, pg. 205, par. 4). The bill to include the Trade Development Act finally passed after the textile industry agreed with the Senate on the rules. The TDA opened trade with textiles and apparel between Africa and the United States.

Just recently, Africa has participated in the global clothing trade as an export market for used clothing. Only South Africa and Mauritius have manufacturing facilities that are globally competitive and have exported large amounts of apparel to Europe. Both countries are now leveraging the ability to export to the United States. "Liabilities inherent in trade with African nations include the many unstable and corrupt governments and the lack of infrastructure such as roads, rail service and port facilities" (Rosen, 2002, pg. 206, par. 1). The proportion of African affected with AIDS were huge and was also seen a barrier to development. Given these conditions, it is unclear whether TDA will promote apparel production in sub-Saharan Africa.

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

- c. 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)

China one of the world's largest and most efficient producers of textiles today, they are the world largest producer of cotton and has the largest man-made fiber and fabric producing industry. China is also the largest producer of silk, China accounts for 50 percent of global production. "By 1998 textile and apparel products accounted for one-fourth of China's exports worldwide" (Rosen, 2002,

pg. 210, par. 4). These two industries employed about one-seventh of China's industrial workforce which accounted for 6 percent of China's output.

By devaluing the Yuan currency, China had to lower the price of its exports but gained a competitive advantage in the international markets. "A weaker currency also made China's imports costlier, thus spurring the production of substitute products at home to aid domestic companies" (The Impact of China Devaluing the Yuan in 2015, 2020). The inflation of the Yuan can lead to an increase in demand for goods from China. This will help increase China's economic growth and maintain jobs in Chinese manufacturing.

- 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)

Americans are now aware of the globalization of the U.S. apparel industry. It is now understood that free trade means lower wage imports which has led to developments of substandard working conditions in factories in Asia, Latin America or the United States. "If women lose jobs in American clothing factories, they find new and better ones in high-tech and service industries, better jobs that require more education and skill" (Rosen, 2002, pg. 220, par. 2). If immigrant women are working in America's apparel factories in questionable conditions and it's below their minimum wage, those jobs not taken by Americans will be filled despite limitations.

The Lowell mills began as a manufacturing industry who hired women and created a centralized workplace. While the young men of Lowell, Massachusetts can work a variety of jobs, the young white women had few options but more experience working with textiles. "These women lived in boarding houses, woke early at the sound of a bell, worked a twelve-hour day which talking was forbidden" (Women's labor, 2017). These women couldn't drink alcohol or curse and they were required to attend church. The Lowell girls had to obey many rules to make wages at this factory.

- e. 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).

After the events that took place on September 11, 2001, consumer spending continued to decline. This further strengthened the economic recession that began earlier that year. Department stores like Macy's and Bloomingdales seen a twenty percent decrease in their forecast. "Discount stores appeared better able to weather the economic storm" (Rosen, 2002, pg. 223, par. 2). Consumer behavior and confidence has been shaken and sales for high end and discount stores have declined in forecast in the past two weeks surrounding September 11th, 2001. "Retailers have narrowed their supplier base, building stronger relationships with particular clothing manufacturers and importers" (Rosen, 2002, pg. 223, par. 3). On one had this has filtered out many apparel producers it has also led to advantages for fashion producers in the global trade regime.

Reference

Investopedia. (2020) The Impact of China Devaluing the Yuan in 2015. Retrieved from. <https://www.investopedia.com/trading/chinese-devaluation-yuan/>

McGrath, J. (2014). Textile workers. Retrieved from. <https://londonpulse.org/textile-workers/>

Women's labor. (2017). Women's labor. Retrieved from. <https://www.khanacademy.org/humanities/us-history/the-early-republic/culture-and-reform/a/women-in-the-workplace-and-household>