

Fashion Economics: FM 4339

Quiz #10 The US Textile Industry

Chapter (11 & 12)

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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.

- 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 a 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 textile mills were that they provided people with jobs while also increasing economic growth and providing textile merchandise to many manufacturers and people everywhere. (Rosen, 2002, p.49, para 2).Manufacturers also helped increase economic productivity and reduced operation and labor costs. Unlike textile mills however, less people are needed at manufacturing companies. Retailers provide people with an easier way to shop. Most retailers provided a sense of a one-stop shop where customers could get everything they wanted from one place. This is why Walmart continues to be the world's largest retailer (Rosen, 2002, p.195, line 6). On page 81(para 1) Rosen mentions the Cannon Mills, a textile company that was based in North Carolina and founded in 1888 (Cherry, 2006). The workers there were underpaid and the TWUA(Textile Workers Union of America) had to demand that workers be paid 10 cents more than they were originally. At the time in 1956 textile wages were 25% lower than the national factory average (Rosen, 2002, p.81, para 1). Underpaying employees is a common practice made by sweatshops.

- 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 led 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 affect sub-Saharan Africa from the Diana Sawyer Interview. (2pts)

The signing of NAFTA in January of 1994 eliminated most tariffs between the United States, Canada and Mexico. It helped to reduce trade costs and brought growth economically to all three of the countries. NAFTA led to a great decrease in trade unions in urban Mexico locations. It was supported greatly by transnational companies because of the idea that lower tariffs meant higher profits (Adomaitis, 2020, slide 1). If negotiations were made to have US apparel made in sub-Saharan Africa I believe there that tariffs would sky rocket. Simply because until recently, Africa participated in the global clothing trade mostly as an export market (Rosen, 2002, p.205, para 5). There are also several liabilities inflicted with trading with African nations like the several unstable and corrupt governments and the lack of infrastructure, (roads, rail service, and port facilities) (Rosen, 2002, p.206, line 1). There is also a large area in Africa where many of the population has AIDS which is seen as a barrier to development (Rosen, 2002, p.206, line 3). This is why Rosen states it is unclear whether the TDA will actually promote the development of apparel production in sub-Saharan Africa (Rosen, 2002, p.206, line 5).

- 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 is considered a major player in apparel production because costs there are able to be incredibly lower than most areas. This includes both labor and operational costs. Exporting is also very cheap in China that's why it continues to be the biggest exporter in the world. "With the labor pool needed to expand low-wage production, China's exports of textiles and apparel.. increase...China's combined textile and apparel capacity now makes it an especially formidable apparel producer" (Rosen, 2002, p.215, para 1).

In August of 2019 China's currency fell below 7 yuan to the US dollar for the first time since in 8 years (BBC, 2019).The devaluing of the Yuan(wen) allowed China to lower its export price while giving them a competitive advantage in international markets. However imports become more expensive and increase inflation (BBC, 2019).

The inflating of the Yuan makes goods in China more expensive meaning that other countries will choose to buy from cheaper nations and ultimately China will end up buying from cheaper places as well.

- 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 who worked at Triangle Shirtwaist Factory could be paid as little as \$1.50 a week but the average weekly salary was about six or seven dollars (“Triangle Shirtwaist Company Fire”, 2020). Men working in metal trades such as machinists, molders and finishers were paid on average 54 cents an hour during the same period of 1911, which was closer to \$40 weekly (Fraser, 1913,p.67).

In 1995 an undercover garment factory in El Monte, California, held Asian traffickers by force in the basement of a house (Rosen, 2002, p.2, para 3). The Thai workers, who were mostly impoverished women in their late teens or early twenties, were paid about \$1.60 an hour, from 7 a.m. to midnight each day (Rosen, 2002, p.2, para 3). At the same time in 1995 other women were being paid at least \$4.25 which was minimum wage at the time (“Annual Federal Minimum Wage”, n.d.).

The Lowell model outlines the parallels between the experiences of women in today’s export leading apparel industry and those of the women textile workers in Lowell, Massachusetts during the nineteenth century (Rosen, 2002, p.240, para 1). Women working in the industrial production industry in the export- processing zones of developing countries possibly gained freedom from traditional forms of male authority, but, at the same time, the “new international division of labor” has made women increasingly vulnerable to changes in family structure and to new forms of paid and domestic work. Women worked in unacceptable working conditions for long hours but with substantially higher wages than other employers (Rosen, 2002, p.241, para 1). With their wages women could send money home and help pay their family mortgages, but an increase in competition resulted in pay decreasing. Eventually by the 1850’s Lowell mill girls were replaced by immigrants who did not care about the horrible conditions and lower wages (Rosen, 2002, p.241, para 1). This just proves how unfair the working industry is as a whole because the women male counterparts definitely got paid more and were given more adequate working conditions.

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

9/11 somewhat spiraled a recession, an increase in bankruptcies and weak sales in the retail industry especially during the holiday season (Rosen, 2002, p.196, para 2). After the events of September 11 the European Union and the United States agreed to provide Pakistan with tariff and quota concessions to “mitigate losses suffered by exports from this country” as a result of the hostilities (Rosen, 2002, p.247, para 2).

9/11 started a huge fear of terrorism across the world and resulted in slowed consumption and layoffs of apparel workers in export-processing industries everywhere (Rosen, 2002, p.248, para 1). Bangladesh apparel assembly jobs have also been completely lost (Rosen, 2002, p.248,

para 1). In Pakistan 68,500 workers lost their jobs and in Mexico there was loss of 200,000 *maquiladora* jobs since October of the same year (Rosen, 2002, p.248, para 1).

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