

**MODULE 1: Paper: Sweatshop Analysis**

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A retailer as a part of the pipeline is one who purchases goods or products in large quantities from manufacturers directly or through a wholesale, and then sells smaller quantities to the consumer for a profit. Retailers lead to our understanding of what a sweatshop when talking about what a sweatshop is today because retailers often overlook the conditions of the manufacturing houses but focus on the financial return associated with their exchange primarily.

Rosen states that “By 1997 US retailers and importers represented by the International Mass

Retail Association started to support these measures seeing them as a way to “develop sub-Saharan Africa’s countries into low-wage start up sites for apparel assembly (Rosen, 2002)”

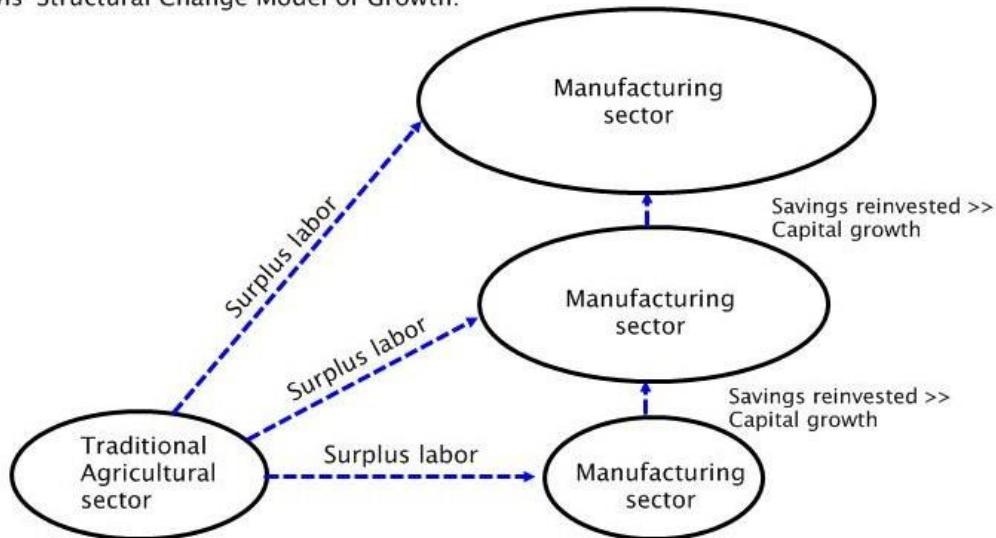
David Weil provides further exemplification of the concept of retailers profiting off of sweatshops by saying “ This whole problem devolves from the retailer, They force the production costs to as low as they want because of their power in the supply chain, with the result of ultimately the workers bearing the whole cost and risk of the system”. The concept of fair trade began in the twentieth century, it was first seen from religious organizations that used charity as a type of advocacy strategy in the past fifty years after World War II the philosophy and structure of fair trade has changed significantly. It used to be centered around the rights of the consumer as opposed to the rights of the producer. Now in the current age, the creation of the Fairtrade certification considers the producers first. The Lowell Model had many women able to attain economic independence for the first time, free from fathers and husbands. The Lowell mill girls earned between three and four dollars per week. The cost of boarding ranged between seventy-five cents and \$1.25, leaving a portion of their pay to themselves. As a result, factory life would soon come to be viewed as oppressive, by definition the word sweatshop by the U.S. General Accounting Office is “an employer that violates more than one federal or state law

governing minimum wage and overtime, child labor, industrial homework, occupational safety and health, workers compensation, or industry regulation.” (Bender, 2002).

Considering that the U.S as a country has already ruled sweatshops to be an illegal and unethical practice most people would probably expect that sweatshops no longer exist in the United States or are used by some of the largest corporations around the world. However that is simply not true, All around the world companies such as Nike and H&M are and have been accused of still using the products created from sweatshops or own sweatshops in third world countries such Indonesia, India, Thailand, Bangladesh and Cambodia. This decision by large corporation is not without reason. There are some benefits along with the obvious negatives to outsourcing/sweatshops. One of which being that sweatshops allow for “low-skill” workers in the rural side of certain countries to move out of the countryside into the cities, allowing for more economic growth in the country. This phenomenon is known as Lewis’s theory. See Fig. 1

Canepa, Garry (Oct 19, 2016)

Lewis' Structural Change Model of Growth:



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The other positive that is present with the usage of sweatshops is the global development of other countries rely on the existence of sweatshops and that bringing the jobs back to America could raise the cost of living for Americans. Bangladesh relies heavily on outsourced apparel manufacturing for the well-being of its citizens. According to (Ch.9: CSR and Sweatshops) “Clothing factories employ over 3 million Bangladeshi citizens and the country obtains nearly 80% of its export earnings from the apparel sector” This means that while the overall opinion of sweatshops from an ethical standpoint of non-business owners is normally rooted in negative opinions there are some compelling reasons as to why they are not always a bad thing but also why a lot of companies choose to continue to use them. Fairtrade also has a lot to do with why the cost of living for Americans would rise if the use of sweatshops would decline. Because of Fairtrade consumers can purchase their goods with the idea that their products are made from an ethical background and that it is more sustainable than conventional products but in actuality it is not as ethical as buying it straight from the source which would take away the sale from the U.S economy which would inevitably cause the retailers to make cuts or increase prices to make up for the lost profits but that could result in people refusing to purchase from them in the first place in our reading (Chapter 8: Fair Trade) makes a good point on this idea saying “Our employees and other stakeholders are our first concern, and if we charge too much for coffee, we will find ourselves out of business.” .

The idea of some of the corporations that think of their retailing strategy in this way may go out of business if they end up charging too much if consumers went directly to the source could be a good thing. If this way of operating business were to end tragic incidents like The Triangle Shirtwaist Factory Fire would have never happened, the incident in Greenwich Village area of Manhattan, New York City on March 26, 1911 which was the deadliest industrial

disaster in the history of the city and the entirety of U.S history. The accident caused the deaths of 146 garment workers due to the negligence and pure inconsideration of the workers and their workplace. This was made possible because the negligence that comes with using sweatshops as manufacturing plants is usually overlooked due to the workers being “low-skilled” or “expendable”. Companies should be fully responsible for worker treatment and wages, employing someone to work for you means putting their lives/livelihood in your hands and companies should be fully accountable for the things that workers must endure when working for their company and be able to live a lifestyle that is able to sustain their lives with fair wages. The labor laws for workers rights should follow the apparel company’s country if the company is able to be successful at the expense of the workers, the workers should receive the benefits that reflect how the entire company is run and should not change based on a regions standard but the standard of the companies values as a whole.

In my opinion I believe that that outsourcing work to other countries is a necessary process for economic growth worldwide but I do not believe that some people should have to work in dangerous, unethical environments and not be compensated accurately for the dangers that they face. Corporations should either increase the attentiveness/safety of their environments or lose access to the facilities that are being run unethically. Unfortunately I do not believe that there is a real change coming to this industry because there is nothing for the company to gain by changing their habits as they are free to maneuver through the industry freely while loosely following the rules currently, they would essentially be paying more for the same quality of product and have to put extra money into fixing their unethical structures which no company would like to agree too without a legal incentive.

## Reference List

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