Technology Entrepreneurship: HDCS 4370
Quiz #4: The Introduction
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Rosen, E. I. (2002). The Globalization of the U.S. Apparel Industry: Making Sweatshops. University of California Press.

a. What was the initial lure for textile mills to move south? Was there any government incentive to attract mill owners to the South? How did unions affect textile mills? (2 pts

According to Ellen Rosen, there were several important reasons for the initial lure for textile mills to move to the South. Among those reasons was the desire to get the maximum benefit from the lowest labor costs and significantly less energy requirement than the North (Rosen, 2002, p.78, par. 3). The second important reason was state tax breaks. Financially South sounded more advantageous because there was cheap financing and a union-free environment. In addition, small towns in the South had more job opportunities in the apparel industry (Rosen, 2002, p.80, par. 3). People were constantly looking for new jobs and options, so the South has offered them the conditions they were looking for that would also give people better-living conditions. Finally, there was a silent incentive to attract mill owners for moving to the South, and as Barry E. Truchil and many more declared, the reason was the federal tax regulations. Those regulations made it possible for different apparel firms to deduct the loss, which could have happened within two years. For example, banks in the North made purchases of different firms by other more significant corporations (Rosen, 2002, p.78, par.3). Unions positively affected the textile mills. When the Textile Workers Union of America conducted a study on the textile industry, it profoundly helped identify the significant problems inside the industry and potential issues.

b. On top of page 84, Rosen states, *"They were considerably better off than women textile workers in the low-wage South during America's postwar prosperity. Indeed, it was in part the very welfare these workers enjoyed that made U.S. textile and apparel manufacturers begin to seek the comparative advantage of offshore production*." Define comparative advantage. In your own words, describe the author's view, given in these two sentences, of offshore production. (2pts)

There has always been a massive difference in America's workforce between the wages paid to men and salaries paid to women. Men always had an advantage in any workforce. However, in the United States, in the 1950s the wages in textile industries were significantly increased, which surpassed hong kong and japan. As Ellen Rosen Stated in her book, the difference between gender-wage was not too extreme. Ellen emphasized how skilled and mature women's workforce was (Rosen, 2002, p.83, par.2). One reason why U.S textile and apparel manufacturers began to pursue the comparative advantage. They desired to make products and provide necessary services more effectively and efficiently than another. In addition, the welfare of workers made the textile manufacturers open competitive opportunities because it would open new paths in offshore markets. In my opinion, manufacturers have found the potential to find advantages in offshore production because the labor cost in another country would be significantly low and would only benefit them.

c. How did the U.S. government play a part ending production at U.S. textile mills especially in the North? (2pts)

The U.S textile industry was created in the first few parts of the nineteenth century. It was growing incredibly fast that by late 1945, it was the largest enterprise. "By March 1955, 43 U.S. companies in the cotton textile industry, engaged either in spinning, weaving, or finishing operations, owned 507 plants employing about 345,550 persons" (Rosen, 2002, p.78, par.2). The reason why the U.S moved to the south was the lower wage cost and energy requirements. However, the textile businesses were fairly ineffective and somehow promising, despite the consolidation for some years between the 1950s and 1960s. So for the U.S government, it was perceived as a risk since textile firms would either thrive or fail concerning slight disparities in the cost of labor. A close review of the record indicates that U.S. textile producers in the 1950s had genuine causes to worry about expanding low-wage competition (Rosen, 2002, p.79, par.3). It is essential to consider that textile workers were exceptionally poorly paid, and there was barely any difference between southern and northern wages. Even after the U.S had two long decades of battles over the trade policy, its apparel and textile firms started to integrate. As a result, some U.S. textile producers shifted to manufacturing home products rather than clothing to escape the international competition (Rosen, 2002, p.94, par.2). Still, the designers of material for apparel persisted in pressing for import allocations, bankruptcies, and blocked mills. The textile industry would benefit from clothing made in low-wage nations of Latin America by the end of the 1980s.

d. What were the textile initiatives offered to the textile industry by President Kennedy? How come no funds were appropriated to the textile industry until 1970?(2pts)

While Eisenhower's presidency, there was constant decline and refusing help for financial support from the government. As Ellen Rosen stated in her book, this continued until the early

1960s, when federal governments finally decided to respond to industry needs with helpful support. President Kennedy's textile initiatives offered financial support for an industrial reorganization. Although there were new laws, there were no funds appropriated to the textile industry during the first years. It continued until the 1970s until the Department of Labor organized and arranged an office to assist the whole program (Rosen, 2002, p.90, par. 1-4). This office helped many firms to get a chance to apply for adjustment assistance. This program successfully helped more than enough firms get funded and reformed their operations.

e. What is the *two-price* cotton policy? How did this affect U.S. textile producers? (2 pts)

According to Rosen's book, the two-price cotton policy balances the costs of the raw cotton grown in foreign countries and U.S textile production. This policy had several significant consequences, including the decline in the price of natural cotton, which automatically opened and released capital opportunities for new investments (Rosen, 2002, p.90, par. 2). The two-price cotton policy affected and influenced the United States textile producers a lot. While the movement of the majority of the textile industry was done the textile manufacturers in the United States made new expenditures on equipment and plants which caused the fast enlargement in the production.

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References

Rosen, E. I. (2002). *Making sweatshops: The Globalization of the U.S. apparel industry*. University of California Press.