Fashion Economics: FM 4339
Quiz #5: The US Textile Indusytry
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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. 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 effect textile mills? (2 pts)

When cotton textile factories merged and relocated to the South, 541 were shuttered, with only 5 new ones opening. The typical reason for the textile mills to move southbound, as well as the resulting job losses and plant closures, is the South's cheaper labor costs, reduced energy requirements, and attempts by southern municipalities to entice textile mills to the region with state tax benefits(Rosen, 2002, p.78, par.2). While these were undoubtedly key driving factors, they were only a few of the factors that led to the decision.

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)

The competitive advantages is that women being able to have stable jobs and earning good salaries. During America's postwar affluence, men fared far better than women textile workers in the low-wage South. Indeed, it was partly because of these workers' well-being that U.S. textile and clothing firms began to look for the cost-effectiveness of offshore production. America's women textile and apparel workers were mature, skilled (Rosen, 2002, p.84, par.1). In 1946 apparel workers and Northern textile workers were unionized and earned 77 percent of the men's manufacturing wage.

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

U.S go government played a part ending production at U.S. textile mills because The textile industry in America's south continues to offer some of the lowest salaries in the country. Furthermore, many of the smaller textile mills couldn't afford to install the requisite dust-removal machines because they were too expensive (Rosen, 2002, p.89, par.1). Many went bankrupt and were acquired by larger corporations, concentrating the business even further.

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

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)

The textile initiatives of John F. Kennedy included federal funding for corporate reorganization. With the new law, no money was allocated to help businesses or support relocated workers for the first seven years after it was passed. They applied for funding in May 1973, presumably in order to restructure their processes. Six of the thirty-one businesses received funding, with five producing textiles and one producing apparel. Tax depreciation allowance schedules were mandated to be accelerated under Kennedy's proposal (Rosen, 2002, p.90, par.2-3). Kennedy had stated the need for this initiative in the early 1960s.

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

The two-price cotton policy was raw cotton being more expensive for US textile makers than for international manufacturers, was abolished. This adjustment reduced the cost of raw cotton by 26 percent for local producers, freeing up funds for future investment(Rosen, 2002, p.91, par.2). The way this effected U.S textile producers was that the Textile producers in the United States have increased their investments in facilities and equipment as a result of these efforts production grew between 1960 and 1970. So the relocation to the South was completed by the early 1980s.