

Fashion Economics: FM 4339
Quiz #10 The US Textile Industry
Chapter (11 & 12)
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1. 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 a citation from the book along with another credible author on this topic. (2pts)

Rosen states the dynamics of the American apparel business, marketing its origins, via the creation and expansion of textile mills, manufacturing, and retail. Each component of retailing impacts the manufacture, distribution, and consumption of textile items. Textile mills, as the starting point of the apparel production process. Mills provide raw materials, such as fabrics and fibers, for manufacturing garments and textile products (Rosen, 2002, p.207, par 1). The significance of textile mills influences the quality, availability, and cost-effectiveness of the materials used in apparel production. During this period, a significant portion of America's economy was built from the jobs that the textile mills produced. Businesses in the United States were searching overseas for textile mills as labor laws grew more restrictive. In order to facilitate foreign trade for businesses, the US government created international trading for business.

Manufacturers in the apparel supply chain hold significant power in how we understand sweatshops. Their focus on profits often leads them to cut costs in ways that harm workers. This includes paying low wages, demanding long hours, neglecting safety, and creating dangerous working conditions. These decisions by manufacturers drive the ongoing existence of sweatshops and impact the lives of garment workers (Giri & Chen, 2022, p. 569, par.2). Journalist Sarah Adler observation, shows how manufacturers focus on cost cutting sweatshops within the apparel industry. Their decisions are based around wages, working hours, safety conditions, and treatment of workers shape the lives of those who make the clothes most everyone wears.

Retailers, is the final component in the retailing pipeline, in shaping sweatshops. Their decisions are made by sourcing product, pricing, and marketing impacts the demand for products manufactured under labor conditions. While retailers may not directly engage in manufacturing, the choices regarding which products to sell and which suppliers to work with and maintain or lessen worker exploitation in the apparel industry (Giri & Chen, 2022, p. 575, 3). Through

retailers influence consumer perceptions and behaviors, contribute to the broader discourse on sweatshop labor and ethical consumption. Retailers set the final retail price of garments. This includes their markup to cover costs, marketing, and profits. Retailers must strike a balance between an attractive price point for consumers and ensuring manufacturers can turn a profit.

Nike's journey significantly shaped the understanding of sweatshops. The company's search for cheap overseas labor occurred in the 1970s and 1980s (Greenhouse, 1997, p.1, par 4). It helped normalize outsourcing to countries with weaker labor protections. In the 1990s revealed the harsh realities within Nike contracted factories, cementing the public image of sweatshops as places of exploitation connected to the brands most everyone consumes. The backlash Nike faced demonstrates that consumer awareness can force improvements, but also highlights the systemic nature of the problem. Reports of continued labor abuses within its supply chain show that sweatshops remain fueled by the desire for cheap goods while highlighting the ongoing struggle. For several decades, the retail business has undergone enormous changes as a result of vertical integration (Rosen, 2002, p.177, par. 1). Major retail corporations including Wal-Mart, Federated Store Department, and Gap used this strategy to improve their operations and increase profitability and independent stores are at an advantage.

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-Sahara Africa from the Diana Sawyer Interview. (2pts)

The 16th and 18th centuries mercantilist era provides historical examples. Examples of how political agendas shaped trade policy. Mercantilist policies were implemented by European powers such as France and England. The policies were designed to maximize national wealth through protectionist measures and trade regulations (Rosen, 2002, p. 195, par.2). These policies were motivated by political agendas that sought to support the economic power and prestige of the respective nations. One important feature of mercantilist trade policy was the imposition of tariffs, quotas, and trade restrictions to favor domestic industries and reduce competition from foreign goods.

A negotiation to have US apparel made in sub-Saharan Africa would alter the dynamics of commerce in a number of ways, posing both possibilities and difficulties. According to the Diana Sawyer Interview, sub-Saharan Africa has a number of problems, such as poor infrastructure, unstable political environments, and issues with worker rights (Foul Assassin,

2011). For example, insufficient infrastructure, such as inadequate transportation systems and unstable electrical supplies, raise expenses and reduce production efficiency for locals. Firms and investors desire to enter into long term economic agreements with sub-Saharan African nations impacted by political unrest and issues with governance.

As mentioned in the interview snippet, Brad Pitt was collaborating with the ONE Campaign focused on alleviating poverty and fighting the spread of AIDS in Africa. The text emphasizes the harsh conditions in sub-Saharan Africa, where families struggle for survival and children lack opportunities for a better future (Foul assassin, 2011). The idea is to have apparel production moved to sub-Saharan Africa, paralleling the development of maquiladoras in Mexico. These are assembly, often labeled as sweatshops, owned by foreign corporations that employ local labor at low wages. While wages would likely be low compared to U.S standards, the argument is that this income could still significantly improve the lives of African families.

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)

The Chinese government has been using artificial devaluation and inflation of the Yuan. China devalued its currency, as a means of improving its competitiveness in global commerce. China's export economy has benefited from this devaluation policy, which helped it become the world leader in the manufacture of apparel (Zhang & Fung, 2006). For example, numerous occasions like 2015, devalued its currency by three percent. China made its currency cheap thus increasing demand for most of its products exports. This helped improve China's technical and manufacturing industry. The downside is an imbalanced balance of trade. This rise in domestic spending can support economic expansion and lessen China's reliance on exports as its main source of income.

A weaker Yuan makes Chinese products less expensive for foreign buyers, increasing their affordability on the international market. This leads to higher demand for Chinese goods, increase exports (Rosen, 2002, p. 211, par 1). This helps to control rising prices and reduce inflationary pressures within the Chinese economy. The value of exports exceeds imports, meaning, China then brings in more money than spent on foreign goods. Rosen highlights how skillfully using currency devaluation allowed China to create a favorable trade environment. Which essentially made it easier for the world to buy from them while limiting their own spending abroad.

A Chinese electronics manufacturer sells a smartphone for the equivalent of \$200 USD when the exchange rate is 7 Yuan to 1 USD. China devalues the Yuan so now the exchange rate is 8 Yuan to 1 USD. The same smartphone, without changing the manufacturing cost, now effectively costs a foreign buyer \$175 USD (Kessel, 2015, par 7). This increased affordability led to a boost in sales for the Chinese manufacturer. This benefits their business and contributes to China's export economy. China significantly devalues the Yuan, making their exports much cheaper across the globe. This causes a drop in sales for manufacturers in other countries, who now struggle to compete with China's prices.

China's fifteen million workers are involved in the production of textiles and garments, making it a powerful force in the global apparel market. This gives China the access to workers required for large scale, low cost production, allowing them to greatly increase exports (Rosen, 2002, 2015, par.2). After Hong Kong was reintegrated in China 1997, their status as a significant garment producer. The Chinese government's own estimate that the country's exports of clothing and textiles would quadruple between 1998 and 2005. A weaker Yuan makes Chinese goods cheaper for foreign buyers. This increases demand for their products, leading to higher export sales and economic growth within China.

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)

In comparison to males and workers in other industries, women have historically experienced salary discrepancies. Here are two instances of this inequality. The Lowell Mill Girls, in the early 1800s, young, single women were engaged as industrial workers in Lowell, Massachusetts textile mills. Even while the Lowell mills paid more than other industries did at first, these earnings were still far less than what male workers in other vocations were paid (Beth, 2013, p.2, par.4). The Lowell Mill Girls experienced gender-based pay discrimination while playing a crucial part in economic progress and the Industrial Revolution, Emphasizing the wider cultural norms that undervalued women's labor.

The Modern Era's Gender Pay Gap, women still receive lower wages than males do even in the modern day, specifically in low wage occupations like apparel manufacturing. Studies repeatedly demonstrate that women in these fields make less money for equivalent labor than their male colleagues, indicating pervasive gender disparities in the workforce (Thornley & Thoernqvist, 2009, p. 530, par. 1). The gender pay gap continues to exist, which highlights the continued difficulties women encounter in obtaining equitable opportunities in the workplace. Women not only earn less than men for comparable work but are also trapped in the

lowest-paying positions. This persistent pay gap has consequences, impacting women's economic independence, contributing to the feminization of poverty, and affecting families and communities.

The Lowell Model, which is named for the Lowell mills, clarifies the particular challenges encountered by women working in the work field. This industrial production strategy took advantage of social norms around women's duties and responsibilities by using young, single women as cheap labor. The Lowell Model made clear the unfavorable facts of factory labor for women, such as long hours, poor pay, and little job security (Rosen, 2002, p.240, par.2). The strategy also served the idea that women are naturally suited for low-skilled, low-paying jobs by reinforcing gender norms and prejudices. Through analysis of the Lowell Model and its influence on women's work experiences, most everyone acquire an understanding of the obstacles and disparities that still mold the lives of women in low-wage regions today.

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

The events of September 11, 2001, had a significant impact on the international sourcing of apparel. Heightened security concerns led to supply chain disruptions, increased costs. Companies responded by shifting towards regional sourcing, exploring alternative production, and placing greater emphasis on political stability alongside traditional cost considerations (Rosen, 2002, p.247, par.2). This approach forced companies to prioritize supply chain resilience and redundancy, permanently integrating security assessments into sourcing decisions. Technology investments aimed at improving supply chain visibility surged, helping companies mitigate potential risks and disruptions. The garment industry had experienced an economic downturn due to a decline in consumerism, and the majority of its female workers were experiencing unemployment and watching their nations' economy collapse.

Consumer confidence plummeted in the aftermath of the attacks. People, understandably, felt fearful and uncertain about the future. This led to a decrease in spending on non essential goods, including apparel, travel, and entertainment (Rosen, p.247, par. 2). Spending patterns changed. People prioritized essentials like food and household goods over apparel. Luxury goods purchases also took a downturn. The attacks sent the U.S stock market into a decline. Investors panicked, leading to a decline in stock prices. This impacted retirement savings and overall economic confidence. For apparel producers and merchants who depend on foreign sourcing, this interruption created issues by impairing the timely supply of completed products and raw materials.

Another way that September 11th has affected the global sourcing of apparel. Some organizations reevaluated their sourcing strategy and gave priority to suppliers closer to home due to concerns about supply chain security and dependency on distant providers (Rosen, 2002, p.248, par.1).The move toward localized sourcing was made in an effort, to provide more control over manufacturing procedures and delivery schedules while reducing the risks connected to global supply chains. Consumer confidence crashed after the assaults, resulting in reduced discretionary expenditure and a reordering of priorities for consumption. The immediate grounding of all flights and heightened security measures significantly disrupted travel and transportation. This impacted industries like airlines, tourism, hospitality, and shipping.

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