

Fashion Economics: FM 4339
Quiz #10 The US Textile Industry
Chapter (11 & 12)

Dr. Adomaitis

_____ Sandra Nicolas _____ (name)

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 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)

In "Making Sweatshops," Rosen digs deep into how textile mills, manufacturers, and retailers all have a hand in shaping what we think of as sweatshops today. Textile mills are the starting point where raw materials are turned into fabric, and where the conditions of sweatshop labor begin. Then there are the manufacturers, who take that fabric and turn it into clothes. But sometimes, they cut corners by subcontracting to smaller, less regulated factories, which keeps the sweatshop cycle going. And let's not forget about retailers they're the ones calling the shots, setting production schedules, and making us all want to buy stuff. But their constant push for cheap goods ends up squeezing everyone in the supply chain, making it easy for sweatshops to thrive.

Rosen's book helps us see how each step in the process indirectly supports sweatshop conditions. Today, one example of modern-day sweatshops would be the fast fashion brand, Shein. Shein has come under fire for its treatment of workers in Chinese factories, shedding light on the harsh realities of sweatshop labor. "Investigations by Wired and Channel 4 revealed grueling working conditions, with employees enduring 75-hour shifts, lacking proper breaks, and working in unsafe environments without contracts or fair wages. The Swiss watchdog Public Eye further accused Shein of violating Chinese labor laws, uncovering informal factories operating in residential buildings (Rajvanshi, 2023)." This revelation underscores the extent to which Shein's practices not only flout legal statutes but also disregard the well-being and dignity of those laboring in its supply chain.

Despite these damning reports, Shein's popularity continues to grow worldwide, highlighting a disconnect between consumer demand for cheap clothing and the ethical implications of fast fashion. While the company has acknowledged the breaches and promised investigations into supplier conditions, the exploitation of workers persists. The controversy surrounding Shein underscores the broader understanding of sweatshops today, emphasizing the human cost behind the affordability of fast fashion and the systemic issues within the garment industry.

- 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 lead 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-Sahara Africa. Give examples of issues that effect sub-Sarah Africa from the Diana Sawyer Interview. (2pts)

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

- 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 a major player in apparel production because of its massive textile and apparel industry, supported by a large workforce and state-of-the-art technology. “China started modernizing its textile industry in the 1980s, making it more competitive globally. With state-of-the-art technology and a focus on efficiency, China's textile and apparel capacity grew rapidly, becoming heavily concentrated and vertically integrated (Rosen, 2002).” This meant that they could produce large quantities of clothes quickly and at lower costs. Additionally, China took advantage of trade agreements and quota systems to expand its textile and apparel exports, becoming a dominant force in the global market.

One way China gained an advantage through devaluing the Yuan was by impacting the International Monetary Fund (IMF). “China purposely lowered its currency's value to

better match market forces, aiming to get the Yuan included in the IMF's special drawing rights (SDR) basket. Initially, the Yuan was denied entry into the SDR basket in 2010 due to concerns about its limited usability (Boyle, 2023).” However, the IMF changed its stance in 2015, viewing China's devaluation as a positive step towards market-oriented reforms. This led to the Yuan being added to the SDR basket in 2016, boosting China's global recognition and access to IMF resources. On the flip side, devaluing the Yuan could harm export/import countries by affecting the cost of borrowing from the IMF. Since the SDR is linked to currency rates, changes in China's currency value can impact SDR interest rates, affecting borrowing costs for IMF member nations. If the Yuan is devalued, it could lower interest rates for borrowing, benefiting some countries. However, export/import countries with currencies tied to the SDR or affected by Yuan devaluation might face increased borrowing costs or financial instability. Thus, while China gains an advantage in the IMF system through currency devaluation, it could adversely affect countries relying on IMF support.

One way China gains an advantage by inflating the Yuan is by keeping its exports competitive worldwide. “When the Yuan is inflated, it stays relatively low compared to other currencies, making Chinese goods more affordable for consumers abroad (Kelly, 2023).” For example, if the People's Bank of China deliberately weakens the Yuan against the U.S. dollar, American buyers can purchase more Chinese products with their dollars. This strategy helps China sustain strong export activity, which is vital for driving its economy and attracting investments from other countries.

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)

One historical example of unequal wages for women compared to their male counterparts can be found during the Industrial Revolution in the textile industry. During this period, women comprised a significant portion of the textile workforce, particularly in factories where they performed labor-intensive tasks such as spinning and weaving. However, despite their crucial role in the industry, women were often paid significantly less than men for the same work. “The textile industry employed women extensively due to the demand for a large workforce to produce fabric. Mill owners often favored hiring women for certain positions because they could perform the tasks equally effectively as men, yet they could pay them lower wages (Carson 2024).” they exploited societal norms and gender biases to their advantage by paying women lower wages compared to their male counterparts. This preference for female labor allowed mill owners to maximize their profits while still meeting production quotas. As a result, women became a vital part of the textile workforce, despite facing unequal pay and limited opportunities for advancement.

Another example can be seen during World War II in the United States. With many men serving in the military, women entered the workforce in large numbers to fill essential roles in industries such as manufacturing, aviation, and agriculture. Despite their vital contributions to the war effort and performing jobs traditionally held by men, women were often paid less than their male counterparts for the same work.” The WWII era's experience offers an interesting yet flawed reference point for understanding how the supply of female labor has impacted the inequality in male earnings in recent years (Bruks, 2023).” During World War II, many women entered the workforce due to the shortage of male workers, contributing significantly to the labor force. This influx of female workers altered the dynamics of the labor market, affecting wage structures and potentially influencing male earnings inequality.

The Lowell Model gives us insight into the struggles that women faced in industries with low wages, especially in the textile mills of Lowell back in the 1800s. One shining example of this model is *The Lowell Offering*, a monthly publication that ran from 1840 to 1845. It was completely written by female workers from those textile mills. “Abel Charles Thomas aimed to prove that these mill workers had talent and brains, pushing back against the idea that they were just laborers (Lowell, 2024).” When Harriet Farley and Harriot Curtis, two mill workers, took over as co-editors, it emphasized how involved women were in the whole thing. Even Charles Dickens was impressed when he visited Lowell in 1842; He praised the quality of the magazine's writing. *The Lowell Offering* was a big deal because it showed that despite the tough conditions they faced at work, these women were smart. It's a reminder of how hardworking and resilient they were, fighting for recognition and respect in a tough environment.

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

The events of September 11, 2001, had a big impact on how apparel was sourced globally. “Following the events of September 11, both the European Union and the United States decided to grant Pakistan tariff and quota concessions to alleviate the adverse impacts on exports from the nation due to the conflicts (Rosen, 2002).” These concessions aimed to ease the burden on Pakistan's export sector, which had been adversely affected by disruptions in international trade and heightened security concerns. By granting these concessions, the European Union and the United States sought to support Pakistan's economy and mitigate the losses incurred by its export businesses, thereby fostering stability and resilience in the aftermath of the tragic events of September 11.

Terrorism changed how people buy things and affected the economy in the U.S. For example, fears about terrorism made people buy less, which led to a lot of people who make clothes losing their jobs all around the world. “Concerns regarding terrorism have caused a decrease in consumer spending, subsequently leading to significant layoffs of apparel workers in export-processing industries globally (Rosen, 2002).” The fear of terrorism has instilled a sense of apprehension among consumers, causing them to cut back on their spending habits. As consumer demand diminishes, companies within these industries often struggle to maintain their production levels, leading to a surplus of inventory. To offset these financial challenges, many companies resort to cost-cutting measures, one of which includes laying off workers. In the context of apparel manufacturing, where profit margins can be slim and competition fierce, large-scale layoffs become a common strategy for companies to mitigate losses and stay afloat amidst economic uncertainty fueled by fears of terrorism.

The value of money in Asian countries dropped, and the quotas on textile imports changed, leading to a lot more textile products coming into the U.S. from Asia. “In 1997, the fiscal crisis resulted in a 40 percent depreciation of Asian currencies, as reported by the American Textile Manufacturers’ Institute (Rosen, 2002).” This increase in imports caused big problems for big U.S. textile companies like West Point–Stevens and Burlington Industries. Because of this, many textile mills in the U.S. had to close, and a lot of people lost their jobs, especially in small towns in the southern U.S. Overall, the effects of terrorism and the changes it caused in the economy had a big impact on the clothing industry and the economy.

Question

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