

Technology Entrepreneurship: HDCS 4370
Quiz #6: The US Textile Industry
Chapters 6 & 7

Dr. Adomaitis

_____(Shaimelys Marcano)_____

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. In relation to the textile industry, where was the apparel industry located? When was the formation of the Apparel industry? What were considered “inside-shops” versus “outside shops”? (2 pts)

The apparel industry was located in New York City. Before the apparel industry was officially established women would often sew their own clothes at home.

The formation of the apparel industry took place in the late nineteenth century and early twentieth century (Rosen, 2002, p. 96, par. 0).

The term “Inside-shops” refers to business that are considered to be run by producers who are responsible for designing, manufacturing and selling of the garments. The term “Outside shops” refers to businesses run by contactors that are not part of the creative aspect, they focus on assembly and construction of the garment (Rosen, 2002, p. 97, par. 1).

- b. Define *runaway* shop. How did *runaway shops* affect the apparel industry? How did the International Ladies’ Garment Workers’ Union (ILGWU) make union contract shops honor their contractual obligations? (2pts)

Runaway shops refers to the relocation of manufactures and contractors without the bargaining of it employees. Runaway shops affected the apparel industry because it caused many employees to lose their jobs. As manufacturers and contractors began to seek tax breaks, lower wages, and unionization they migrated south. Many of them closing down factories and claiming they had gone out of business to then reopen new factories down south.

The International Ladies’ Garment Workers’ Union would make contract shops honor their contractual obligations by appealing to the National Labor Relations Board and courts (Rosen, 2002, p, 102, par. 1). Often times the ILGWU would hunt down runaway

shops and force the union manufacturers to pay the wages that were agreed upon on the union contract. They also force these manufacturers to higher contractor that worked for unions.

- c. What was the result when U.S. importers, retailers, and manufacturers decided to contract work to East Asian producers? Why did U.S. importers, retailers, and manufacturers decide to contract work to the East rather than to U.S textile mills if foreign competition was already problematic? (2pts)

The result of U.S importers, retailers, and manufactures decision to contract work to East Asian producers was the lose of jobs for many American apparel workers. But it did bring more variety to the American consumer market. American benefited from the lower price items being imported. An example of this would be the women's blouses. Blouses being imported from Japan were sold at \$1 dollar while blouses made in the U.S were priced at \$3-\$4 dollars. This importation of goods made clothing more affordable to people in America.

The U.S importers, retailers, and manufactures decided to contract work to the East rather than to U.S textiles mills because it was much more easier on their pockets. It was cheaper to make elsewhere. For instance, South Korea could produce the men's long sleeve dress shirts for more than half the price that Americans could (Rosen, 2002, p. 106, par. 2). Manufactures had been struggling with the American apparel industry for many years because of the unionization of American workers. In East Asia there was no unionizations, therefore wages were low. This was very appealing to importers, retailers, and manufacturers.

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

- d. Define MFA? What was the purpose of the MFA? How did the NIC (Newly Industrializing Countries) of Hong Kong, Taiwan & South Korea keep abreast of the changes in foreign policy and manage an increase in imports? (2pts)

MFA stands for the Multifibre Arrangements. The Multifibre Arrangements was founded in 1974. The MFA was established to slow the rate of imported goods to regulate the goods that were being circulated in the American market. The MFA regulated trade and ensure that foreign countries would not dump all their products in the U.S market. The wanted to grow the trade market but at a safe pace.

e. How did the Reagan administration view foreign trade policy? What were some of the social transformations that the U.S. had endured the 1970's that effected foreign trade policy? What was the effect on apparel imports? Imports from The People's Republic of China (PRC)? (2pts)

Reagan's administration viewed foreign trade policy as neoliberal agenda.