

Multifiber Assignment PS 360

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As was noted in the assignment specification and in (Gereffi, 2010), the apparel and textile industries are some “of the most global industries because most nations produce for the international textile and apparel market.” In order to explore globalization, then, one can examine the apparel industry. In particular, this paper will explore a small, though illustrative corner of the industry: t-shirts.

This topic has been covered before: National Public Radio’s *Planet Money* podcast went from field to farm in a multi-part series in December 2013. It has also been covered in Pietra Rivoli’s book *The Travels of a T-shirt in the Global Economy: An Economist Examines the Markets, Power and Politics of World Trade*.

Step One: The Picker Cotton is a cheap material. It is not an advanced composite material, nor is it especially difficult to grow. According to the National Cotton Council of America, cotton can be grown in the US as shown below:



Beyond the US, cotton can also be grown in “Uzbekistan, the Peoples Republic of China India... Brazil, Pakistan and Turkey” (“The Story of Cotton- Where Cotton Grows”). When examining the list of cotton producing countries, what stands out is that most of the countries are ‘Less Developed Country’ status.

The only ‘Developed Country’ on the list is the United States. In fact, the US has been a cotton producing titan for 200 years, while “History shows that almost all dominance in world markets is temporary and that even the most impressive stories of national industrial victories typically end with sobering postscripts of shifting comparative advantage” (Rivoli).

In fact, when NPR went to make a t-shirt, they were surprised to find that the cotton came from Texas. Rivoli describes the area as a “huge and flat emptiness ... jarring and intimidating at first.” In this area that would otherwise be a wasteland, the cotton of the world is grown. US cotton has three major economic advantages over cotton grown elsewhere: its USDA certified quality, the mechanization of the farms, and the subsidies the US government gives to the industry.

The USDA certifies the 17 million bales the US produces yearly. Although all cotton grown is lumped under the heading ‘cotton,’ there are in fact significant differences in strains and plantings. When the USDA certifies the measurements of color, fineness, length and strength, it allows factory owners around the world to know for certain that the yarn (thread) they are producing will be up to the specifications of their clients.

US labor is expensive, wages are “among the world’s highest” (Rivoli). US cotton survives on the back of American engineering. The farm-owner profiled in *Planet Money’s* series bought five John Deere 7760 pickers to work his fields. Each machine requires just one driver, and that driver is mostly there to watch the system. The pickers are “finely tuned, self-driving machines that sense the cotton plant stalks and twist off just the cotton puffs” (“Planet Money Makes A T-Shirt.”). The mechanization allows further allows the US to have uniform-quality cotton rather than variations due to human picking.

The last advantage the US has is problematic. The US government heavily subsidizes the cotton industry, so much so that farmers in the developing world brought a complaint to the World Trade Organization claiming that “U.S. cotton subsidies were blocking their route out of poverty, and that it was impossible to compete with Uncle Sam’s largesse to U.S. cotton farmers” (Rivoli).

The path of cotton has always advantaged some and disadvantaged others. In the dawn of American cotton, slavery was used to source the labor required to pick and process the fibers. More recently, American mechanization has put many field hands out of work, and government subsidy has locked the production to American soil, preventing poor countries from seeing the same sort of rise the US enjoyed.

Step Two: The Plants Although the US has managed to retain its dominance in growing cotton, it has not been able to retain its strength in processing it. Processing into threads, weaving into cloth, and sewing into garments now happens in areas of the world with lower cost of labor, especially Southeast Asia and South America. Although China is beginning to produce more cotton, America still dominates through the effective use of “not people but land, capital and technology” (Rivoli). China competes by being a major source of the labor (which provides more than half of the value add in cotton manufacturing). Since 1993 (significantly before the end of the MFA), China has been the world’s largest exporter of apparel. Although the MFA affected with that distinction, the ending of its strictures has not destroyed the industry in China.

Although the growth of Chinese manufacturing has helped drive down the cost of t-shirts for consumers around the world (and domestically, as China consumes one-third of the world’s cotton production), and has enriched those fortunate enough to control production, there are some clear losers. Mr. Dongfang highlights this in his book *Made in China* where he profiles “young women forced to work seven days a week, 12 hours a day, earning as little as 12 to 18 cents an hour with no benefits, housed in cramped, dirty rooms, fed on thin rice gruel, stripped of their legal rights, under constant surveillance and intimidation really just one step removed from indentured servitude.”

Step Three: Back Across the Oceans The critical link in a supply chain stretching from Texas to China or Bangladesh and back is shipping. The *Planet Money* series details how prior to the invention of shipping containers, boats were manually packed and unpacked, a process that could take longshoremen “Even with 50 or 100 people working... weeks to unload and reload a single ship.” When shipping containers came into the fore, those people were stripped down to just a handful, benefiting the rest of the world with access to cheaper shipping, but destroying a way of life.

Similarly, the flight of production to China has caused upheaval in the US. Directly after WWII, US textile and apparel employment peaked at 2.5 million workers. Now it is down to 700,000. Although this marks a severe reduction in industry headcount, the reduction served to rally political support for protectionism. The MFA (just one of a littany of textile trade protectionist ‘agreements’) came in three stages, with increasing restrictiveness (Rivoli). The byzantine, burecratic nature of the agreements led to a “small industry” (Rivoli) in Washington and abroad. Clearly an industry doing only meta-work is not the most efficient way to run a world economy.

Thankfully, eventually the force of the market became too much for the inefficient protectionist measures to bear. Beyond the distortions the MFA caused in the markets, it was unfair. To the Asian manufacturers, it seemed like “a rich country plot that stood in the way of poor country fourtunes” (Rivoli). Still the

removal of quotas happened at a snails pace: the first tranche of quotas lifted contained only one item, work gloves from Canada.

The Aftermath: Winners and Losers The goal of the MFA, to protect American producers, was a failure. As detailed above, the majority of cotton production post-farming happens in foreign countries. Still the MFA was not uniform in doling out its goodness to Asia. Japan, Hong Kong and China were squeezed by its quotas, while Bangladesh and Mauritius were incubated into a cotton powerhouses (Rivoli). It is impossible to know how much of the development of the industry would have happened naturally and how much was a virtuous result of the MFA, but it seems like the MFA played a large role in stimulating the progression.

Overall, the MFA leaves a legacy of an ineffective, wasteful program that died without massively negative repercussions. Although it led to inefficient markets, it also allowed an extremely poor and underdeveloped section of the world to gain valuable, productive industry. It will be remembered as a needless diversion from free trade with a few positive side effects.

Bibliography

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