



The Real Cost of Fashion

INTERNATIONAL

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Chinese workers
sew clothes to be
sold in the U.S.
Above: More than
1,000 people
were killed when
a factory building
collapsed in
Bangladesh.

98 %
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THE REAL COST OF FASHION



What do your clothes have to do with a factory that collapsed in Asia?

It's the first day of school, and you're looking good. New shirt, new shoes, new jeans—and you didn't have to empty your (or your parents') bank account to get them. Thanks to all the back-to-school sales, your whole outfit cost just \$50 . . . which means you can afford to cruise the mall again this weekend.

How can Walmart, H&M, Forever 21, and other retailers afford to sell clothes at such low prices? The answer is in the labels. About 98 percent of clothes sold in the U.S. today are made in other countries. Fifty years ago, almost all the clothes sold in the U.S. were made here. But in the 1970s, clothing companies—along with car, electronics, and many other manufacturers—started moving their factories to China, India, Bangladesh, Mexico, and other nations where labor and other costs are less expensive.



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For example, it costs \$3.72 to manufacture a denim shirt in Bangladesh. To make that same shirt in the U.S. costs \$13.22. (See chart below.) Lower costs mean U.S. stores can sell clothes for less and still make a profit. For U.S. shoppers, it means more clothes in their closets and more money in their wallets to buy other things.

Most Americans didn't think about where their clothes were made until recently. In April, a building in Bangladesh collapsed, killing 1,127 workers and injuring about 2,500 others. The tragedy in the small Asian nation was one of the world's deadliest industrial disasters. The five factories in the building had been churning out clothes to sell in the U.S. and Europe. Investigators later discovered that the building's owner had illegally added extra floors and allowed the companies inside to install heavy equipment that the building

PHOTO: GETTY IMAGES/ALAMY; PHOTO: AP/WIDEWORLD

WORDS TO KNOW

- **developing nation** (n): a country that is poor compared to industrialized nations
- **exports** (n): goods shipped out of a country

wasn't strong enough to support.

After the collapse, Bangladesh's government temporarily closed about 20 factories for safety violations. It also announced plans to raise the country's minimum wage. Bangladesh has some of the lowest-paid workers in the world. Some clothing factory workers were making \$40 a month at the time of the collapse—less than \$2 a day.

That may not seem like a lot of money to Americans, but it's enough to help people in the poor country escape complete poverty. Nearly 80 percent of garment workers in Bangladesh are women. Many are young, poorly educated, and from rural villages. Most put up with unsafe working conditions because they need their salaries to support their families.

Conditions are unlikely to improve dramatically for workers in Bangladesh anytime soon. Officials there warn that drastic changes could damage the country's economy. Safety inspections take time and money. And raising

workers' pay any higher would increase costs, which might encourage manufacturers to move their operations to countries where people work for even less.

Bangladesh is a **developing nation** that is now one of the world's largest exporters of clothes. Its 5,000 garment factories employ more than 4.5 million people.

"The garment industry is No. 1 for **exports** and dollars for the country," explains Alonzo Suson, head of a labor-rights group in Dhaka, Bangladesh's capital. "Any slowdown of that development is a national security issue," he told *The New York Times*.

Global Gear

China is the world's biggest ready-to-wear clothing producer, but it has lost business over the years as its workers' paychecks have grown. The once-poor nation now has the fastest-growing middle class in the world. The average

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How much does it cost to make this shirt?



SOURCE: CNN.COM

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clothing factory worker in China now makes \$1.26 an hour; in nearby Cambodia that same worker makes just 52 cents. That has led major retailers, including the Gap, Benetton, and Sears, to shift some of their business to Cambodia, Thailand, and other countries where clothing can be made for even less. The increased production has boosted the struggling economies of those countries by creating millions of jobs.

Who benefits the most from all of this low-paid factory work? The companies that sell the goods here in the U.S.—and American shoppers. Since 1990, clothing prices in the U.S. have increased just 10 percent, while food prices have soared 82 percent, according to the U.S. Bureau of Labor Statistics. That may explain how Americans manage to buy on average, per person, 68 pieces of clothing each year.

Taking Charge

The Bangladeshi factory collapse highlighted a downside of manufacturing in other countries. Many U.S. companies have little control over working conditions in the factories where their clothes are being made. Enforcement of safety regulations is usually the responsibility of local governments, some of which are often influenced by factory owners who don't want safety costs to hurt their profits.

The shock of the factory collapse led many U.S. companies to take matters into their own hands. More than 30 major retailers, including

H&M and Mango, recently agreed to spend \$60 million to monitor safety in Bangladesh's clothing factories.

Other retailers are trying to keep as much clothing manufacturing in the U.S. as possible. They say knowing that the workers are safe and well-paid is worth it, even if it means charging higher prices. True Religion produces its jeans in California. The company's founder, Jeff Lubell, estimates the \$300 jeans could sell for \$40 if they

were made in China.

That "made in the USA" focus may pay off, predicts Robert H. Frank, an economics professor at Cornell University. "There is evidence that consumers will pay higher prices when they believe companies are trying to provide products in a more humane way," he tells *JS*.

Just how much more people would be willing to pay remains to be seen, however. Price will always be key to many shoppers, especially in tough economic times.

Katie Rowe, a sixth-grader from Fairfield, Connecticut, frequents Forever 21 and H&M. "Raising the prices would [mean] fewer customers," she tells *JS*. "Companies should think of other ways to help factory workers be safe."

—Laura Anastasia

Most workers put up with unsafe conditions because they need their salaries to support their families.

THINK ABOUT IT
What are the pros and cons of U.S. companies producing clothes in other countries?

MAPSEARCH



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