Pietra Rivoli

As consumers, we see goods only at the very end of their life cycles, when they are waiting to be bought in stores or online. What shoppers don't see is the long and complicated journey that consumer products now take to reach stores where we find them. Even something as simple as a T-shirt, which we buy, wear, and dispose of with hardly a second thought, arrives by way of an increasingly intricate and contested route. Pietra Rivoli, a professor of finance and international business at the McDonough School of Business at Georgetown University, tracks this process step by step in *The Travels of a T-Shirt in the Global Economy: An Economist Examines the Markets, Power, and Politics of World Trade* (2005). She begins by purchasing a discounted T-shirt from a convenience store and then works backwards across the world to see how it got to be in that store, waiting for her. Widely acclaimed for its unique and engaging approach to globalization, this book was designated the best scholarly book of 2005 in the category of finance and economics by the American Association of Publishers.

"Dogs Snarling Together" is a chapter from *The Travels of a T-Shirt in the Global Economy* that traces a particularly contentious issue in the T-shirt trade. As the economy has become an increasingly complex global system, the "market mechanism" has bumped up against traditional economic nationalism. The snarling dogs of the chapter's title are the lobbyists and American textile industry representatives who "can speak with one voice—or snarl together" to ensure that their interests are protected. Rivoli details the strengthening and the unraveling of the protectionist measures as national interests, the drive for profit, and the global economy come into conflict.

"When I decided to follow my T-shirt around the world," Rivoli writes in a reflective article, "what I wanted most of all was to tell a great story." By setting aside her assumptions and any didactic motivation, Rivoli is able to tell a story

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Biographical information comes from <http://faculty.msb.edu/rivolip/#>; quotations come from a reflective article at the Powell's Books Web site, <http://www.powells.com/essays/rivoli.html>.

without villains, one in which "every business, every entrepreneur, every politician . . . was just trying to make their way in a competitive market, a market that often changes under their feet." In doing so, she is able to draw our attention to the complexities of trade and business and our own complex role in the global economy.

Dogs Snarling Together

How Politics Came to Rule the Global Apparel Trade

Chinese T-Shirts versus American Jobs

The shipping container stacked with T-shirts boards the freighter in Shanghai and heads back across the Pacific.[1] The ship travels south along the western coast of Mexico and squeezes through the Panama Canal before heading north to the Miami port, and finally to the screen printing factory at Sherry Manufacturing. At this point, the T-shirts enter the most complex and challenging phase of their lives: trying to gain access to the U.S. market. Chinese T-shirts and Chinese immigrants have similar experiences in attempting to get to America. In both cases, the journey is expensive, risky, and often illegal. There is an army waiting on shore, ready to fight the invasion. The U.S. apparel industry has lost the race to the bottom, and while this may be the result of a "happy concurrence of causes" as David Hume suggested in 1748, not everybody is happy about it. Most of the American South has moved onward and upward from textile production, but there are pockets across the Carolinas and Georgia where the mills are still at the center of the economy and the community. Losers in the U.S. textile and apparel industries are not going gracefully, especially not when losing to China. The textile and apparel trade is the most managed and protected manufacturing trade in U.S. history, or, as one writer noted, "the most spectacular and comprehensive protectionist regime in existence."[2] Whether the regime has at the same time been a spectacular success or failure depends upon one's point of view.

When Auggie Tantillo sees a T-shirt from China, he gets a bad feeling in his stomach, but his reflex is fight rather than flight. Auggie can go into Wal-Mart to buy soap or batteries, but he can't even walk by the clothing without the feeling coming back so he avoids that section of the store entirely. Auggie is executive director of the American Manufacturing Trade Action Coalition (AMTAC), an advocacy group dedicated to preserving manufacturing jobs in the American textile and apparel industries. Auggie represents not so much a "special interest" as a moral viewpoint. As the youngest of nine children in a traditional Sicilian family, Auggie is used to fighting for his fair share. He is soft-spoken, fiercely intelligent, and very sure that he is right. Auggie has spent his entire adult life on defense, trying to block or slow the waves of cheap clothing imports flowing into U.S. markets. For 25 years the waves have been growing bigger, but he keeps bouncing back, ready to block and punch.

But Auggie thinks the fight with China could be the last. Between 2000 and 2004, the U.S. textile and apparel industries lost more than one-third of their remaining jobs, and looming on Auggie's horizon—and on the horizon of manufacturers everywhere—is the China threat, as well as a new set of rules to govern global trade in T-shirts. U.S. producers of yarn, fabric, and apparel have no hope of competing with China, at least not under the radical new rules of the game scheduled to take effect in 2005. Unless somebody stops China, it will be all over, Auggie believes. Waves of T-shirts, socks, underwear, caps, sweaters, pants, and ties will come flooding in, and will drown the American textile industry within the decade, along with the industries in dozens of other countries. Unless somebody stops China, there won't be another war to fight because there won't be an industry left to save.

Auggie used to have a bigger army in the war against apparel imports, but one by one his fellow soldiers have dropped out, or worse yet, defected to the dark side. The AKA (American Knitwear Association), AAMA (American Apparel Manufacturers Association), ASA (American Sweater Association) are all gone now, the industry associations having no raison d'etre without an industry. In 2003, I met with executives of the American Textile Manufacturers Institute (ATMI), which for half a century had been the booming voice of the industry in Washington, where hundreds of Congressmen would answer their calls on the first ring, and even U.S. presidents made sure to stay friendly. When I went back a year later the ATMI was gone, having shrunk and consolidated with other gasping textile associations into a shadow of itself, a shadow that often did not get its calls returned from Capitol Hill. Worse than the soldiers who have faded away, however, are the defectors. A Rolodex full of former government officials and even members of Congress are now across enemy lines, arguing not just for free trade in general but for free trade in T-shirts in particular.

Auggie understands the pull to the dark side. Increasingly that is where the paymasters are, the rich retailers, the powerful China lobby, and all of the American apparel firms that are now just importing machines. Auggie understands that there are more realists than idealists in Washington, though he himself isn't one of them. For most of his life, the manufacturing job news released every month has been bad news, and Auggie seems to take each layoff personally. But he also knows that without his relentless scuffles, there would be fewer jobs still, so he keeps going. Auggie also knows that, in the long run, he will lose. But on the way to losing there are victories, and these keep him energized. When Auggie can keep a factory open for a few more years, then a community will stay intact a while longer, a few more children will grow up with working parents, and a few more of them will be able to go to college. Every day an American textile mill stays open is a win for Auggie Tantillo, and every day somebody keeps a job is a good day.

Though Auggie's army is smaller than it once was, the troops are rallying in the fight against China. After 10 years of squabbling and splintering, there is a renewed unity and purpose in the face of a common enemy. In July 2003, the leaders of the ATMI, AMTAC, NTA, AYSA, AFMA, NCC, ASIA, ATMA, CRI, GTMA, THA, AFAI, NCMA, and TDA joined forces in a powerful alphabet army to demand that the Bush administration take action against China.[3] They demanded that the U.S. government institute "safeguard" quotas restricting Chinese textile and apparel imports, and also demanded that apparel from other countries be restricted in its use of Chinese fabrics. Weeks later they fired off more specific requests, demanding immediate limits on Chinese knit fabrics, brassieres, dressing gowns, and gloves. In the meantime, a delegation from China flew to Washington to stop the madness, and the Bush administration had to decide whether to anger the Chinese—just when it needed China's cooperation on dozens of other issues, ranging from North Korea to semiconductors to intellectual property—or anger Auggie, just when it needed his help in the upcoming election. The Bush administration sided with Auggie and restricted the imports from China.

Several months later, the alphabet armies lined up 117 Congresspeople behind a request for a meeting of the WTO to consider responses to the looming China threat.[4] John Kerry was on board, but Bush was on the spot, torn between his commitments to China and the wrath of the voters in the textile mills. During the summer of 2004, the administration was trying to leave itself some wiggle room: room to side with Auggie, room to side with China, or more likely, room to split the differences somehow in a web of Washington deal making. But as the 2004 election heated up in the fall, Auggie played his best card: In mid-October, AMTAC filed about a dozen safeguard petitions to restrict Chinese imports of goods such as T-shirts, cotton pants, and underwear.[5] As George W. Bush rushed around the swing states in the days leading up to the election, the administration had to decide whether to reject or accept the petitions for consideration. The deadline for the administration to respond? November 1. Few were surprised when the administration sided with Auggie.

Julia Hughes, Washington representative for the U.S. Association of Importers of Textiles and Apparel, is a leader in the opposing army, and has sat across the table from Auggie many times over the years. While Julia respects Auggie's integrity and commitment, she just thinks that Auggie is wrong, and that he and his troops should stop whining and join the twenty-first century. And besides, from Julia's perspective, almost everything has gone Auggie's way. As Julia sees it, Auggie's army has had unfair advantages for nearly 50 years. Where Auggie sees a flood of T-shirts from China washing American jobs away, Julia sees the Chinese T-shirts as underdogs with both hands tied behind their backs, hopelessly handicapped against the political power of Auggie's troops.

Most economists, of course, are on Julia's side. Under the widely accepted doctrine of free trade, the best course of action for both the United States and China is for everyone to clear the ring and let the best T-shirts win. This is the best course for the United States, where access to the best T-shirts at the best prices will boost incomes; it is the best course for Charlotte, North Carolina, which is now a regional hub in the global economy; and it is the best course for developing countries, where, as we have seen, exports of textiles and apparel provide a route from rural poverty and a first step onto the development ladder.

But free trade may not be the best course—at least in the short run—for Kannapolis, North Carolina, where nearly 5,000 textile workers lost their jobs on a single day in 2003. My T-shirt's perilous journey home shows that the best economic policy from the perspective of the United States or even North Carolina does not make for the best politics, and that trade in T-shirts is not (yet) a contest of faster better cheaper on the part of competing businesses, but is instead a contest played out in the realm of politics. While the market forces powering the race to the bottom are strong, the political forces pushing back against the markets are strong as well, particularly in the United States. Trade flows in T-shirts are the result of economic forces but also the result of thousands of deals cut in Washington, Geneva, and Beijing, and politics are at least as important as markets in understanding the T-shirt's journey. Many of the firms still standing in the U.S. industry do not believe that they should have to compete with sweatshops that pay their workers 50 cents an hour, and especially not with China where cheating of almost every type is rampant. Better to build a fence to keep out the lions than to run an unfair race that can't be won. The fence hasn't worked as well as many U.S. producers would have liked, but it has slowed the competition down, and most of all it has confused them.

The effects of political barriers to Chinese apparel into the United States are readily apparent. While Chinese apparel has captured approximately 80 percent of apparel imports in several other industrialized countries, as of 2003, China's share of the U.S. apparel imports was approximately 14 percent.[6] China's victory in the race to the bottom is obvious when we examine its overall exports, but is far less striking when we examine its performance in the U.S. market (see Figure 1). My Chinese T-shirt, in particular, was one of the lucky ones. As Figure 2 shows, U.S. imports of cotton knit

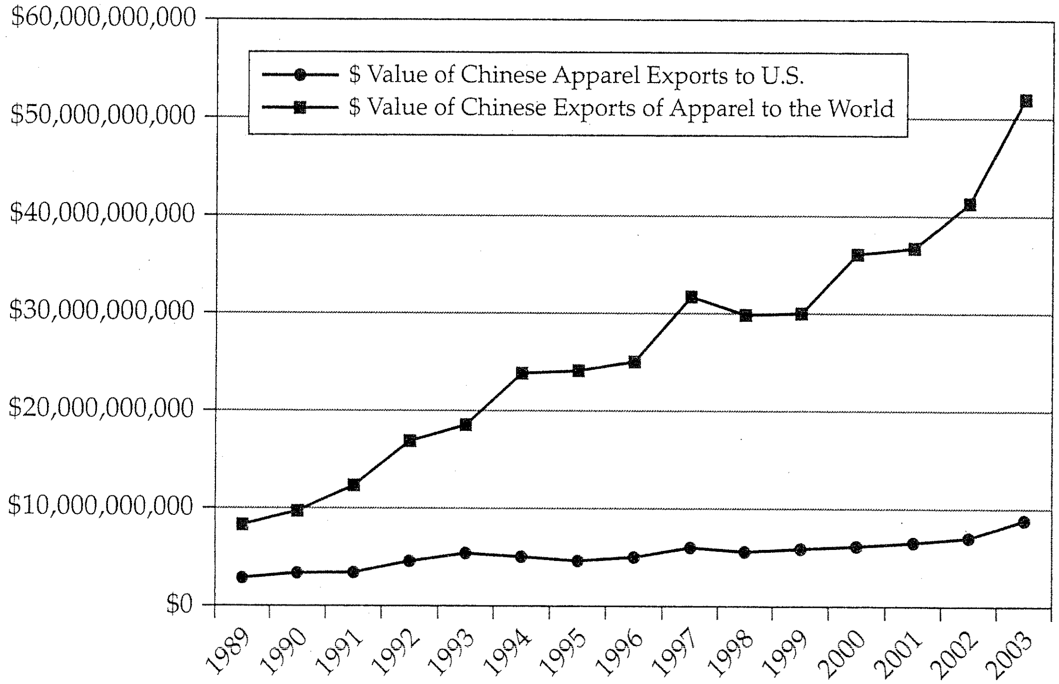

Figure 1 Chinese Apparel Exports to the United States vs. Total Chinese Apparel Exports

Sources: United Nations COMTRADE database; OTEXA, U.S. Department of Commerce.

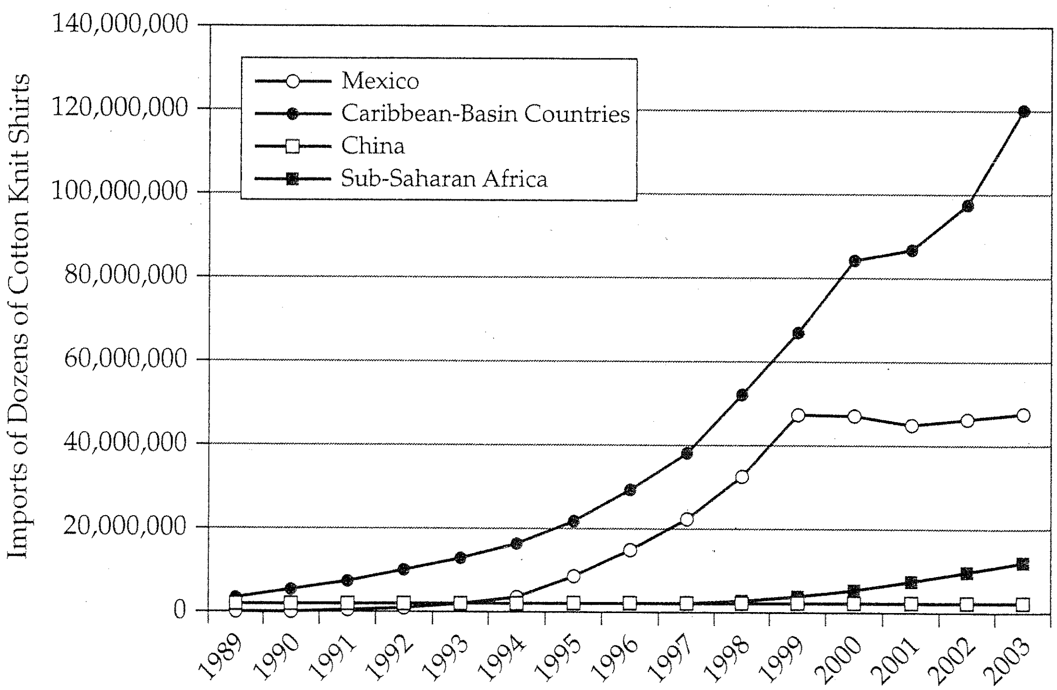

Figure 2 Cotton Knit Shirts Imported into the United States, by Region

Source: OTEXA, U.S. Department of Commerce (apparel categories 338 and 339).

shirts from other regions have grown far more rapidly than have imports from China. As we will see, it is trade policy, not comparative advantage, that explains these patterns.

Auggie Tantillo and Julia Hughes spend their days in a Washington dance, following each other around the Commerce Department, the Congress, Customs, and the office of the U.S. Trade Representative, with Auggie trying to plug holes in the import dike and Julia trying to punch them open. Because Auggie and Julia are in constant motion, the trade policies governing apparel are in constant motion as well. Textiles and apparel are subject to not only a higher level of trade protection but also a higher level of trade protection complexity than any imports into the United States outside of agricultural goods.

During the time that I was writing this book the rules governing apparel imports into the United States often seemed to change almost daily. The rules governing how many T-shirts of which types could be sold by which countries; the fabric the T-shirts could be made of under alternative regimes; whether a collar counted as a "component" or a "trim" (and whether it mattered); where the T-shirt's fabric could be dyed and "finished"; and, of course, tariffs, had all changed. In 1999, the rules did not look so bad for a Chinese T-shirt trying to enter the United States, but by 2003, the rules shifted against the Chinese in favor of producers in the Caribbean and Mexico. By 2005, however, it appears that the rules will be back on China's side, though not if Auggie Tantillo can help it.

Gary Sandler, the owner of Sherry Manufacturing in Miami, faces a daunting task in keeping apace of the rules governing T-shirt imports into the United States. Simply put, the rules are nuts, as even the people who made them readily agree.

A Taste of the (Crazy) Rules in 2003

Under the 2002 U.S.-Caribbean Trade Partnership Act (CBTPA), Gary Sandler may import apparel from 24 countries in the Caribbean free from tariff and duties.[7] However, free access applies only to clothing that meets the American "yarn forward" requirement, which requires that both the fabric and yarn from which the clothing is constructed be made in the United States. Both dyeing and finishing of the fabric must also occur in the United States, and the fabric must be cut into pieces in the United States, as well. However, apparel pieces may be cut in the Caribbean countries if U.S.-made thread is then used to stitch the components together.

Apparel that is "knit to shape"—rather than made from fabric that is knit and then cut into pieces—may be made from fabric formed in the Caribbean country, as long as the fabric is made from U.S.-made yarns and the imports are below a certain limit. However, there are more restrictive provisions for socks and T-shirts. Brassieres have their own astonishingly complicated rule book, which allows them free access only if the firm producing the brassieres has used components in which at least 75 percent of the value of the fabric has been sourced in the United States for certain *prior years'* exports of brassieres to the United States. A debate over which parts of the brassiere "count" toward the 75 percent went on for some time, and was finally negotiated to include cups, sides, wings, and backs but to exclude straps, bows, and labels.

T-shirts are also privileged with their own special rules. T-shirts made from Caribbean-made fabric using U.S.-made yarn may enter the United States freely, but only to a limit of 5,651,520 dozen in 2003. The special T-shirt cap was negotiated at the insistence of Fruit of the Loom, which tried to match the quantitative limit to its own productive capacity. This maneuver gave free access for the firm's T-shirt products into the United States while at the same time dissuading competitors from setting up rival T-shirt manufacturing plants in the Caribbean.

Julia, Auggie, and the alphabet armies negotiated for years over the CBTPA provisions, in a telling example of the dominance of politics over markets in T-shirt trade flows. U.S. retailers wanted to simply lift the gates and allow free access to whatever apparel the Caribbean countries produced. Roger Milliken, a billionaire South Carolina textile magnate and self-proclaimed "economic nationalist" joined forces in an unlikely alliance with the textile and apparel workers trade union (UNITE). Together, along with Senator Fritz Hollings and other like-minded Congresspeople, they opposed any free access at all for Caribbean-made apparel, believing, both procedurally and substantively, that "giving away" access to the U.S. market was bad policy. The ATMI, as well as a number of U.S. producers, lobbied for the U.S. fabric requirement, while other producers—such as Fruit of the Loom and Russell Mills, along with the Caribbean countries—fought to gain benefits for apparel produced with Caribbean-made fabrics.

The complexity of the rules is perhaps inevitable, given the nature of these multiple opposing forces. In the end, the rules were hammered out in the only way possible given the disparate interests involved: sock by sock, bra strap by bra strap. It may be hammered out all over again in a few years, as the CBTPA is set to expire in 2008.

A similar set of rules—though different enough to keep importers like Sandler confused—govern T-shirt imports from Sub-Saharan Africa under the African Growth and Opportunity Act (AGOA) and from Bolivia, Colombia, Ecuador, and Peru under the Andean Trade Preference Act (ADTPA).[8] Under the North American Free Trade Agreement (NAFTA), still other rules apply to T-shirt imports from Canada and Mexico.

To Julia Hughes, the only thing more outrageous than these rules is to hear them referred to as "free trade" agreements. According to Julia, a free trade agreement should make it easier, not harder, to trade. The poorest countries of the world, especially those in Africa, already handicapped on almost any dimension, cannot possibly succeed in such a byzantine tangle of rules, Julia believes, and many U.S. importers take one look at the rules and walk away. Trade from these areas is not free at all. It is easier and cheaper (at least once the time is factored in) just to pay the tariff and source from preference-free countries. Julia Hughes once tried to make sense out of the various free trade area provisions for her retail clients. She found, however, that she could not put them on a grid; they were all just too different. Auggie, for his part, believes that the retailers are responsible for the complexities: The complications, as Auggie sees it, are simply the result of all the exceptions that were made for Julia.

In 2003, cotton T-shirts that did not meet the requirements for "preferential treatment," either because they came from countries outside the membership of AGOA, the CBTPA, ADTPA, or NAFTA, or because they did not meet the requirements regarding the origin of the fabric or yarn, were charged an import tariff of 17.4 percent, except if they were from Jordan, in which case the tariff rate was 10.9 percent, or Israel, in which case the tariff rate was 0.[9]

Complexities are apparent in the tariff schedule as well. For some apparel, the power of particular companies is evident. Tariffs are nearly 30 percent on some categories of clothing, including, for example, Harmonized Tariff Schedule category 6102.30.20, which are:

> womens' or girls' overcoats, car coats, capes, cloaks, anoraks (including ski jackets), windbreakers, and similar articles, knitted or crocheted, of man-made fiber, containing less than 25% leather by weight and containing 23% or less wool or fine animal hair.

It might be hard to imagine such a garment, but it is clear from the tariff rate—nearly the highest of any on apparel—that someone in the United States manufactures them.

As of 2003, U.S. apparel imports for an additional 40 WTO member countries were limited under the umbrella of the Agreement on Textiles and Clothing (ATC).[10] The ATC, in turn, is the phase-out mechanism for the Multifiber Agreement (MFA), which had set quantitative limits, or quotas, on clothing and textile imports from dozens of countries since 1974. In 2003, the United States had quota limits on cotton knit shirts from 27 countries; some of these are shown in Figure 3. Though the ATC is scheduled for expiration at the beginning of 2005, a number of quota regimes will remain in place for U.S. apparel. First, the China safeguard allows importing countries to impose quotas on Chinese apparel imports through 2008. Second,

U.S. Import Limits for Cotton Knit Shirts, 2003

Country	*Quota Limit (in dozens)*
China	2,525,562
Vietnam	10,463,635
Turkey	17,777,705
Pakistan	12,407,951
India	5,777,025
Egypt	4,717,195
Poland	3,533,491
Cambodia	4,187,637
Philippines	3,633,517
Sri Lanka	2,635,755
Romania	1,270,216
Oman	922,140

Figure 3 U.S. Import Quota Limits for Cotton Knit Shirt Quotas, 2003
Source: U.S. Customs.

quotas will remain in effect for a number of countries that are not WTO members.

All in all, the restrictions and regulations governing apparel imports are written, administered, and enforced by hundreds of lobbyists and lawyers, as well as bureaucrats from the Department of the Treasury, the Department of Commerce, the Congressional Textile Caucus, the U.S. Trade Representative, and the interdepartmental Committee for the Implementation of Textile Agreements. In fact, a leading textbook illustrates the interlocking webs of government involvement in textile and apparel trade policy with a full-page map containing 11 boxes linked together by a dozen arrows.[11] While the United States is the largest offender, it is not alone. As Richard Friman has shown, other rich countries also employ complex "patchwork" approaches to protecting their domestic textile industries.[12]

Beginning in 2002, the web site of the United States Association of Importers of Textiles and Apparel showed a clock with days, minutes, hours, and seconds ticking by. With the MFA scheduled to expire on January 1, 2005, apparel importers could go to the web site for an exact calculation of the length of time they had to contend with perhaps the most tortuously complex set of trade protections in U.S. history. The regime, as we will see, had many effects: good, bad, and mostly unintended. When the clock strikes zero, there will be more surprises still.

According to many, it will be the last nail for the U.S. industry in the sad story of plant closings and job losses that has lasted nearly 50 years. It will also mean the last nail for Auggie Tantillo and the alphabet armies who have fought to save the U.S. industry from the waves of cheap imports. "It's about time," many people told me. More than a few Washington insiders muttered "dinosaurs" when I asked them about Auggie Tantillo's troops. The Southern textile interests are living in the past, clinging to something that makes no sense in today's global economy, people told me over and over again.

The dinosaur label doesn't bother Auggie. "We're not extinct," he told me, "not yet."

Snarling Together

How did the United States—as the self-anointed free trade champion of the universe—end up with such a dauntingly complex and downright silly mass of barriers to the import of T-shirts? Why, in an era of progressive trade liberalization and increasing deference to the market mechanism, has the role of politics remained so pervasive in this industry?

The first factor to explain the dominance of politics in the trade is the size of the textile and apparel manufacturing base, even today. While textile and apparel employment in the United States peaked shortly after World War II at approximately 2.5 million workers, the industries in 2004 employed about 700,000 people, which accounts for about 5 percent of manufacturing employment.[13] Given the size of the employment base, the unrelenting job losses related to the global race to the bottom have strengthened the political voice of the industry, as the "groans of the weavers" have become both louder and more sophisticated. Winning industries do not groan, and losing industries' groans become louder with the extent of their misfortune. The U.S. textile industry felt the first serious threat from imports immediately after World War II, and foreign competition since that time has been growing steadily and sometimes exponentially, which has led to compensating cries for help in Washington.

Yet the withering of America's competitive position in these industries is not sufficient to explain their political power, as industries from toys to bicycles to televisions have faded away with few rescue missions from Washington. Political response to industrial demise is the result of not only the demise itself, or even the size of the industry, but the strength of industry alliances and the access the alliances have to policymakers.[14] Or, as Jock Nash, perhaps the American textile industry's most colorful voice in Washington, reportedly advises, when a pack of dogs snarl together, people have to listen. The extent to which the industry can speak with one voice—or snarl together—goes a long way toward explaining its political influence.

Erik Autor, the chief lobbyist on trade matters for the National Retail Federation, is continually frustrated by the "snarl together" phenomenon. Though retailers ranging from a beachfront tourist shop to Saks Fifth Avenue to Wal-Mart all benefit from access to cheaper T-shirts from abroad, such diverse groups of businesses find it difficult to speak with a single voice. Southern textile leaders, however, share a cultural and historical bond that allows them to speak together. (They all know each other, Erik told me. Their daddies all knew each other. Their granddaddies all built the mills, and they all knew each other, too.) Related to the historical and cultural bond that strengthens their collective voice is the geographic concentration of the U.S. textile industry. More than 60 percent of apparel and textile manufacturing is located in Georgia, South Carolina, and North Carolina, and there remain many Congressional districts where the textile industry—or even a single firm—is the major employer. A geographic swath of Congresspeople remains beholden to the industry, even as its fortunes wane. The U.S. retail industry, in contrast, while employing significantly more people than the textile and apparel industries, is not only unable to snarl in unison, it is spread across the country in a manner that leaves it nobody's Congressional priority.[15]

A third factor that lends support to the regime is that the American public is nervous about trade, especially trade with China, and especially when the trade is believed to have severe effects on small American communities. The "It coulda been me" syndrome leaves many American voters far more tolerant of complex trade protections than we might expect them to be. While North Carolina now has a diversified economy that has "moved up" from textiles, many towns, along with many less-skilled workers, have not moved up alongside Charlotte.

I was not able to find anyone in Washington and certainly no one in China who was happy with the rules governing imports of T-shirts into the United States, or indeed anyone who tried to defend these rules. Participants from across the spectrum agreed that the deal-making process often showed Washington politics at its worst. But observers on all sides also agree that access to the American apparel consumer is currency in Washington, and this currency, like any good money, can and has been traded for almost anything. Often, the currency has been traded for votes, which has left generations of Congresspeople and even a few presidents indebted to the textile industry. Access to the American apparel consumer has also frequently been traded for foreign policy favors, from crushing Communism in Central America to crippling terrorists in Pakistan. Ironically, however, perhaps the most common use of the currency has been to pay Auggie Tantillo and his troops to move out of the way of broader trade-liberalizing initiatives. Beginning with Dwight Eisenhower and ending with

George W. Bush, every U.S. president has paid the U.S. textile industry to be quiet so that America could get on with the business of free trade.

Auggie Goes to Washington

Auggie had thought little about politics and even less about trade policy as he neared his college graduation from Clemson University in 1980. He didn't know what his next step would be, and it was a fluke and a stroke of luck that led to a job as an assistant in Senator Strom Thurmond's office. Auggie left for the big city, having no idea what to expect. If he had opinions about politics, he doesn't remember them. Whatever illusions he might have had, however, were shattered at the ripe old age of 21, when he saw how Washington really worked. Auggie likens his Washington awakening to the day he discovered that Santa Claus was a fake. Santa Claus was President Ronald Reagan.

Strom Thurmond had figured critically in Reagan's 1980 election. Though the U.S. textile industry had a variety of trade protections in place at the time, Asian imports were gushing through new holes in the dike by the day. Between 1976 and 1979, textile and apparel imports into the United States had increased by nearly 50 percent.[16] In exchange for Thurmond's support, Reagan promised, if elected, to put a stop to it. In a letter to Strom Thurmond several months before the election, Reagan promised to limit the growth in textile and apparel imports to the growth in the domestic market.[17]

Thurmond kept his end of the deal and delivered a large Southern vote to Ronald Reagan. Reagan, however, shuffled his feet as Asian imports continued to soar. Auggie was just a note-taker and a gopher, but he remembers Thurmond's outrage as he raced around Washington meeting with Edwin Meese, George Schultz, and James Baker. He pounded the table, shoved the letter under their noses, as mill after mill closed and imports surged. "You've got to do something about this. *You promised.*"

Several people who had been involved with the negotiations in Washington told me that the infamous Reagan textile promise would have been impossible to keep, even with the best of intentions. It would have been a foreign policy disaster to renege on the deals already in place, which allowed imports under quota to grow at a rate of 6 percent, rather than the approximately 1 percent growth in the domestic market. It also would have required the United States to bring under quota many countries that had never been under export restraints, as well as to limit many categories of textiles and apparel that had also been without quota.

But to Auggie, Strom Thurmond, and the still millions of textile and apparel workers, a deal had been a deal. So Auggie Tantillo's introduction to Washington was the broken Reagan textile promise. It was Auggie's first experience in the value of textile promises as currency, but it was not the last. Strom Thurmond, who died in 2003 at the age of 100, had played this game before and he would play it again. In fact, every post–World War II president has made his own version of the campaign textile promise to Strom Thurmond, and, beginning in the 1960s, to Fritz Hollings and Jesse Helms as well. Some of the promises have been kept, and some have not.

But since the end of World War II, every U.S. president has also publicly supported the doctrine of free trade. Indeed, scholars of presidential rhetoric cite free trade doctrine as a "remarkably consistent rhetoric" across both time and party lines.[18] For some presidents, free trade was a foreign policy choice, designed to keep Communists or war at bay. For others, it was a clear case of the best economic policy. For yet others, a free trade posture was a matter of moral consistency. The United States had been the architect of the postwar General Agreement on Tariffs and Trade (GATT), a set of rules with free trade principles at its very core. For more than half a century, the United States has been the world's self-appointed champion of free trade, in word if not in deed.

Regardless of what has motivated the free trade rhetoric of U.S. presidents, all have found it impossible to implement the rhetoric without paying the textile and apparel industries to get out of the way. While a long list of trade liberalizing initiatives—from tariff reductions to NAFTA to China's WTO accession—has been championed by the United States, these initiatives have only been politically possible by making exceptions for Southern textile interests. In television appearances and public speeches, each postwar president has eloquently advanced the case for free trade on the grounds of freedom, prosperity, and morality.[19] But away from the cameras, in private phone calls, furtive telegrams, and secret meetings, each of them has assured the domestic textile industry that he had not really been talking to them. For 50 years, U.S. policymakers have played a balancing act with Auggie and his troops, trying to toss (or promise) them enough crumbs to get their votes and cooperation, but not so many as to make an obvious mockery of the free trade rhetoric. Almost every postwar president has needed help from the senators and governors in the Carolinas, who in turn needed help for their textile towns. Each special deal for the industry was labeled a temporary measure, but many of them, in one form or another, are still in place.

Making Deals and Making Exceptions

The first groans of the weavers came shortly after World War II as cheap Japanese cotton goods took the lead in the race to the bottom. Though official U.S. policy was to open trade with Japan to encourage prosperity and thus stave off the Communist threat in Asia, the mill owners in both New

England and the South felt a much more immediate threat from the growing imports from Japan than they did from the Communists. The American Cotton Manufacturers Institute (ACMI) announced that a crisis was at hand:

> We are face to face with a life or death question of whether our own government will stand idly by and permit low-wage competition from Japan to seriously cripple our industry. Must there be closed mills and breadlines before the administration in Washington concedes the possibility of irreparable damage to our industry?[20]

In order to quiet the groans and especially to advance its broader trade-liberalizing agenda, the Eisenhower administration persuaded Japan to "voluntarily" limit their exports of cotton textiles to the United States to allow temporary breathing room for the U.S. industry. Like much else from the 1950s, from today's perspective the Voluntary Export Restraint (VER) agreement with Japan looks charmingly simple and innocent. The agreement was only temporary, and it dealt with only one country, Japan. Only one alphabet troop, the ACMI, had been involved, and the agreement covered only a narrow range of goods. Though Eisenhower saw no choice but to toss the crumbs, he was clearly not happy about it. In his diary he later wrote of the "short-sightedness bordering on tragic stupidity" of the protectionists, and worried that unless the United States opened its markets, Japan would "fall prey to the Communists."[21]

In what would become a long epic of unintended consequences, the politics served to accelerate rather than slow the race to the bottom. The VERS, which limited imports from Japan, supplied not so much protection for the U.S. textile industry as an opening for Japan's competitors in the race—especially Hong Kong and Taiwan—to supply the U.S. market. In a pattern that continues to this day, the effect of plugging one hole in the dike was to increase the force of imports gushing through others. Between 1956 and 1961, imports of cotton goods from Hong Kong rose by nearly 700 percent.[22]

The soaring imports led to predictable cries lamenting the imminent collapse of the U.S. industry.[23] In the 1960 presidential campaign, John F. Kennedy promised Governor Ernest Hollings of South Carolina that he would help. Kennedy fulfilled his promise by instituting the Short Term Arrangement on Cotton Textiles (STA) as temporary assistance to the industry. The arrangement allowed the United States to negotiate import limits from other countries—not just Japan—in cotton textiles. The effect was a bigger program, covering both more countries and more goods than the original Japanese VER.

Of course a reprieve of one year was not enough to save the U.S. industry. In response to the continuing groans, on the expiration of the STA the Kennedy administration created the Long Term Arrangement for Cotton Textiles (LTA), effective from 1962 to 1967. Just as the STA was a bigger VER, the LTA was a bigger STA, covering more countries, more products, and more years. In effect, the LTA imposed quotas to limit import growth from the major producers—particularly in Asia—to annual growth of 5 percent per year.

In exchange for protecting its own industry against imports, the ACMI dropped its fight against Kennedy's Trade Expansion Act and allowed the Kennedy Round trade liberalization to continue. The Kennedy Round resulted in tariff cuts on U.S. imports of 30 percent, but textile and apparel tariffs were off limits in the negotiation. They maintained their already high levels and were, in the case of apparel, even increased.[24] Representative Carl Vinson of Georgia proudly wrote the ACMI that, "Thanks to their good friends in Congress, the industry had been singled out for special treatment by President Kennedy and his Cabinet."[25]

The "temporary" LTA was renewed in 1967 and again in 1970, each time as a bribe to allow Lyndon Johnson and then Richard Nixon to seek trade liberalization in other ways. By 1973, the LTA was restricting hundreds of categories of cotton textile imports from dozens of countries. With the passage of the LTA and its extensions, U.S. trade policy for textiles and apparel took the seemingly irreversible step to a complexity that left it unintelligible to all but a few.

However, just as blocking the flow of clothing from Japan had resulted in an even more forceful flow of imports from Hong Kong, blocking imports of cotton textiles and apparel also served to accelerate rather than slow the race to the bottom.

By limiting imports of cotton textiles and apparel, U.S. policy unwittingly encouraged its trading partners to upgrade their production and sales efforts to wool and to the increasingly popular man-made fibers such as nylon and polyester. Predictably, imports of man-made fiber apparel from Asia soon soared, with U.S. imports of these fibers from developing countries increasing 2,500 percent between 1964 and 1970.[26] Just as predictably, U.S. textile interests extended their groans to these other sectors. The ACMI morphed into the ATMI (American Textile Manufacturers Institute), and U.S. textile interests began an intensive campaign to extend the LTA to other fibers, calling for the implementation of a Multifiber Agreement (MFA).

In his 1968 presidential campaign, Richard Nixon promised Senator Strom Thurmond that he would seek to broaden the LTA into an MFA and would extend quotas from cotton to wool, man-made fibers, and blends.[27] Once elected, Nixon faced the familiar challenge of reconciling his free trade rhetoric with his campaign promise. On the one hand, Nixon had a vision of trade as a path not just to economic growth but to political freedom. On the other hand, there was the MFA promise telegram to Thurmond that had been printed in newspapers all over the South. Nixon's rhetoric showed the balancing act, and was typical of rhetoric from Dwight Eisenhower to George W. Bush: Free trade was good, but textiles were a special case:

> By expanding world markets, our trade policies have speeded the pace of our own economic progress and aided the development of others. . . . We must seek a continued expansion of world trade, even as we also seek the dismantling of those other barriers—political, social, and ideological—that have stood in the way of a freer exchange of people and ideas, as well as of goods and technology. . . .
>
> [H]owever, the textile import problem, of course, is a special circumstance that requires special measures.[28]

In the end, MFA I, in effect from 1974 to 1977, was signed by 50 countries and covered approximately 75 percent of U.S. textile and apparel imports.[29] In painstaking bilateral negotiations, country after country hammered out with U.S. negotiators how much of which categories of textiles and clothing could enter the U.S. market. Though largely successful in satisfying the domestic textile interests, the MFA was, as William Cline wrote, "an embarrassing breach of the GATT principles," principles that the United States had authored and continued to espouse.[30]

In the 1976 campaign Jimmy Carter promised to extend the "temporary" MFA. MFA II, which extended the arrangement through 1981, was more restrictive still in allowing access to U.S. and European markets. In the meantime, Carter and then Reagan also wished to maintain the free trade momentum on a new round of trade liberalization talks—the so-called Tokyo Round. Once again the textile and apparel industries were largely exempt: The United States cut its import tariffs on manufactured goods to an average of 6.5 percent, but apparel tariffs, while reduced from their postwar highs, remained at an average of 22.5 percent.[31]

Though Ronald Reagan had not kept his election-year textile promise to Strom Thurmond, Reagan had little choice but to toss some crumbs in the direction of the textile industry. Reagan would have to show his face in South Carolina in the 1984 campaign, as Thurmond kept reminding him. With MFA III, the temporary regime of textile and apparel quotas was extended yet again. In effect for the 1981 to 1986 period, MFA III was the most restrictive yet.

Jobs for Bureaucrats

With the implementation of the MFA and its extensions, the administration of the quota regime became—and remained in 2004—a small industry both in Washington and in the exporting countries, as the mind-numbing complexity of the regime increased over time in response to the groans from certain companies, industries, or Congressional districts. In the simplest case, the United States negotiated a bilateral agreement with each country, which allowed the country to export to the United States certain quantities of various categories of textiles and apparel, such as men's woolen sweaters or women's cotton knit shirts.[32] In some cases, the country is allowed to use the quota for any garment in the category, but in other cases there are limits on subcategories. For example, while the Chinese quota for all cotton knit shirts was 2,373,699 dozen in 2002, T-shirts and tank tops were limited to 1,801,137 dozen of this amount.

Even where quota allocations appear to be identical, market access to the United States can differ. Throughout the year countries might apply "swing" (borrowing T-shirt quota from another category of textiles and apparel quota from the same country), "special shift" (borrowing T-shirt quota from a prespecified list of other categories of quota), "carryover" (shifting last year's unused T-shirt quota to the current year), or "carryforward" (borrowing against next year's T-shirt quota).

In order for quota to be traded across time and categories, each category is assigned a square meter equivalent (SME) of cloth.[33] A dozen cotton knit shirts (category 338 or 339) is convertible to 6 SMEs of cloth while a dozen handkerchiefs of man-made fiber (category 630) are convertible into 1.4 SMEs. As a result, a country that applied swing from cotton knit shirts to polyester handkerchiefs could trade the right to sell 1 T-shirt for the right to sell 4.29 handkerchiefs. Some apparel is measured by weight rather than quantity—a kilogram of silk ties is convertible to 6.6 square meters of cloth, making a kilogram of ties "worth" slightly more than a dozen T-shirts for the purpose of quota swing.

Another whole mini-industry must deal with MFA "origination" requirements. If a T-shirt is sewn in China from fabric pieces that were cut in Hong Kong but knit in Malaysia from yarn that was spun in the United States, where is the T-shirt from, and whose quotas should it count against? While the general rule for most of the MFA's history was that fabric cutting conferred origin, the rules have been fluid, and since the mid-1990s have specified that it is generally the stitching, rather than the knitting, spinning, or cutting, that determines where the T-shirt is from for MFA purposes.

The MFA, then, while designed to save the U.S. textile and apparel industries, actually at the same time created its own industry, with hundreds of bureaucrats around the world to negotiate, implement, and enforce the innumerable bilateral deals that collectively have comprised the MFA. Each minute provision of each bilateral agreement is the result of a push-pull negotiation among multiple parties, and each provision also by necessity creates its own supporting bureaucratic structures. To see the SME equivalents, the swings or shifts, and of course the product and country lists themselves in action is to appreciate the MFA not so much as a protectionist regime but instead as a marvel of bureaucratic engineering.

Unity 1985 to 1990

In what had become a predictable pattern, even with the stricter quotas under MFA III, the crisis continued in the U.S. industry and the groans of the weavers were unabated. Though the speakers had changed, the speeches had not. In 1985 Representative Ed Jenkins of Georgia told his House colleagues that the industry was experiencing its "last gasp," while a textile association president threatened that "in five years, the industry will cease to exist."[34]

The renewal of the MFA also did little to lessen the sense of betrayal that still stung from Reagan's unfulfilled promise to Strom Thurmond, and once Reagan had won a second term, the industry's hopes for justice were further dashed. Strom Thurmond's leverage over Reagan was gone, and White House aides had stopped picking up the phone. Ronald Reagan would not have to go back to South Carolina. Yet there was a silver lining in the betrayal: The injustice united the industry in a manner seen neither before nor since. Snarling together, they almost achieved the impossible.

If the White House would not listen, the Congress would have to. The mid-1980s were a golden era of sorts for the domestic textile and apparel industries. Though their fortunes were shrinking and their plants were closing, there was an energy and unity of purpose that propelled them forward. It was a pinnacle, according to Auggie Tantillo and many others with whom I spoke, where standing upon each other's shoulders they had made their greatest reach, coming within only inches of achieving justice. All of the alphabet armies in the U.S. textile and apparel complex, from yarn spinners to fabric producers to apparel manufacturers—the ATMI, AFMI, AYSA, and AAMA—along with the unions representing the workers—began to snarl together. Auggie Tantillo, still young but by now an expert in the areas of both textile trade policy and the ways of Washington, accepted a position to open the Washington office for Russell Mills, one of America's largest T-shirt producers. United, the troops formed an industry coalition, the Fiber, Fabric, and Apparel Coalition for Trade (FFACT), to battle the imports.

Auggie and his troops sought legislation that would keep the Reagan promise. The Jenkins Global Quota bill would limit the growth of imports not from particular countries, but instead place a global cap on U.S. textile and apparel imports, and also give the United States unilateral power to restrict imports, rather than requiring negotiations with each trading partner. The bill would roll back quotas for the largest Asian suppliers, as well as negate more than 30 existing bilateral textile and apparel trade agreements.[35] Ronald Reagan and his administration were nervous. Once Auggie and his troops got into the U.S. Capitol, there was no telling what would happen.

Though the framers of the U.S. Constitution placed responsibility for formulating trade policy on the shoulders of the Congress, during the past 50 years it has become increasingly clear—perhaps especially to Congress itself—that they are not up to the task of formulating rational trade policy.

A Congressperson seeking election or reelection is often forced into a protectionist posture, but can only obtain protection for his interests by offering the same to his colleagues. "The political logic of protection leads to protection all around" wrote an observer in 1935, because Congress's natural tendency is a spiraling protectionism extending trade barriers into the districts of each Congressperson.[36] A vote for free trade, according to another early observer, is an "unnatural act" for a Congressperson.[37] Only a very few die-hard constitutional literalists believe that the U.S. Congress should be in charge of trade policy.

Julia Hughes understands this all too well. While she has some free trade allies in Congress, nobody wins elections by promising free trade or help for the apparel consumer. Auggie, however, has comrades in Congress who will fall on their sword, or at least pretend to, to help the U.S. textile industry. From North Carolina through Georgia and Alabama, in town after town the voters will choose the candidate who promises to keep the mill open. What members of Congress most want, however, is to make protectionist speeches without having to take protectionist actions. Indeed, as Destler notes, by surrendering power to make trade policy decisions, Congresspeople are more freely able to spout protectionist rhetoric, secure in the knowledge that they will be unable to take action:

> A Congressman, no matter how keen his desire to help the toy marble makers, does not want to be given the right of voting them an increase in tariff rates. He prefers to be in the position of being allowed merely to place a speech in their favor in the Congressional Record . . . free to indulge the responsibility afforded those who do not participate in the final decision.[38]

But FFACT, having been spurned by the Reagan administration, began knocking on the doors of members of Congress. The Jenkins Bill passed easily in both the Senate and the House, where it had 230 cosponsors. But this victory was only the first step, as Reagan swiftly vetoed the bill. Some of those involved in the negotiations told me that at least some Congresspeople were able to vote for the bill because they felt assured that Reagan *would* veto it. Dan Rostenkowski, chair of the House Ways and Means Committee, though sympathetic to the plight of the mill workers saw the bill as being fraught with unworkable elements. "This bill is garbage," he allegedly remarked to Tip O'Neill. O'Neill, surveying the political landscape, replied, "Yeah, but move it along, Dan. Move the garbage."

The override received 276 votes, just 8 votes short of the two-thirds needed to undo Reagan's veto.[39] Yet it was a win of sorts. As Auggie Tantillo remembers, "We scared them good."

To many observers, the close vote was a terrifying brush with insanity, an example of the madness that can result if trade policy is left in the hands of elected representatives. Economist William Cline estimated that the bill would have cut back imports of textiles from Hong Kong, Korea, and

Taiwan by nearly 60 percent, and would have cost U.S. consumers approximately $43,945 per U.S. textile job saved.[40] In addition, by the sheer force of its hypocrisy when placed against American free trade rhetoric, it would also have likely tied U.S. hands in pursuing other trade negotiations. And finally, swift and disabling retaliation against U.S. exports was virtually assured.

But, like Auggie said, they had been scared. They had seen the whites of Auggie's eyes, and were willing to talk. The USTR was willing to talk, Hong Kong was willing to talk, and even Reagan was willing to talk. The MFA IV, signed for a five-year period ending in 1991, was the most restrictive yet. For the first time, quotas were placed on fabrics not even produced in the United States, such as silk, ramie, and linen. The only fibers now exempt from U.S. quotas were jute and abaca, though U.S. negotiators warned that these too would be dealt with if imports surged.

In the meantime, Auggie Tantillo had moved up yet again. After serving a stint as Strom Thurmond's Chief of Staff, Auggie was appointed by President George H.W. Bush as Undersecretary of Commerce for Textiles and Apparel. The job was the top textile post in Washington, and carried with it the chairmanship of the Committee for the Implementation of Textile Agreements (CITA), an interdepartmental policy committee with representatives from the Departments of State, Labor, Treasury, and the USTR.

Snarling Back

From the pinnacle of political power they held in the late 1980s, the U.S. textile and apparel industries' influence declined rapidly in the 1990s. While their power remained the envy of virtually any other industry, compared to their influence in the heady days of the Jenkins Bill the troops were tattered and weakened. First, FFACT itself began to splinter, with infighting that weakened its collective voice. More important, however, other political voices began to rise in volume, not drowning out but at least softening the snarls from the U.S. industry.

The apparel industry was the first to splinter off from the cause. Under the industry's new business models, Auggie was starting to sound like a bit of a dinosaur. For the firms who continued to produce apparel in the United States, access to cheaper and more fashionable foreign fabric was a necessity. By limiting their access to foreign fabrics, trade restrictions were making it more, not less, difficult to keep their production in America. For other apparel firms, such as Warnaco and Liz Claiborne, it was becoming more attractive to source their clothing from abroad, partly because of the restrictions associated with gaining access to their fabrics of choice, and partly because of the increasing quality and price competitiveness of the

Asian producers. The American Apparel Manufacturers Association made a clean break with Auggie in 1990, when they refused to sign on to support the 1990 version of the global quota bill. They did not cross the line to the dark side at first, but instead made clear that they were not going to help. By the mid-1990s, however, the AAMA was the enemy, fighting in direct opposition to Auggie's efforts to contain textile and apparel imports, and a short time later, the AAMA was gone.

The textile workers' union (UNITE), as well as the yarn and fabric sectors, also began to splinter into different directions. While the fabric producers wanted a freer rein to use imported yarn in production, the yarn spinners predictably preferred to limit the use of foreign yarn in U.S.-made fabrics. As trade agreements started to be negotiated, further splits appeared. The yarn and fabric guys squabbled over the provisions in the agreements, and the union workers generally opposed any agreements at all. Unable to snarl in unison, the industry became an annoyance rather than a threat on Capitol Hill.

As FFACT's united political front crumbled, other alphabet armies began to snarl in unison. For the first time, the U.S. retail industry formed a collective voice on the subject of trade in general, and apparel imports in particular. The Retail Industry Trade Action Coalition (RITAC) led by Sears, JCPenney, and Dayton Hudson, had first been formed to counter FFACT on the Jenkins Bill, but soon took on the larger goal of doing away with all quotas.[41]

Gone On Long Enough

RITAC was soon bolstered by another collective force as the developing countries that had been constrained by quotas also began to speak with one voice. The International Textiles and Clothing Bureau (ITCB), a coalition of developing country textile and clothing exporters, began to echo RITAC's call for the end of quotas. In a foreshadowing of the collective clout they would display in 2004, poor countries banded together to shape the global trade agenda.

Many of the family businesses in Asia had first come under quota under John F. Kennedy's administration, and some business owners remembered when their grandfathers had been assured that the quotas would be temporary. ITCB members were running out of patience in the globalized economy, where the MFA appeared increasingly anomalous and hypocritical, and was viewed as a rich country plot that stood in the way of poor country fortunes. In a twist on the well-worn historical pattern, America would now have to pay the developing countries to move out of the way of broader trade liberalization.

George H.W. Bush and then Bill Clinton were eager to see a successful conclusion of the Uruguay Round, the third major round of postwar trade liberalization talks. While both the Kennedy and Tokyo Rounds had focused on and achieved tariff reductions (though not for U.S. textile and apparel imports), U.S. aims for the Uruguay Round were more complex. In particular, U.S. negotiators wanted developing countries to liberalize rules for trade in financial and other services, and for foreign investment, and they also sought new agreements in areas such as intellectual property. The United States had little left to offer in return besides the MFA. Thanks to the successive rounds of liberalization, the United States maintained few trade barriers of any kind, save for those in place for agriculture and textiles, as tariffs for imports into the United States were close to zero for most goods outside of these industries. The ITCB made clear that they were willing to negotiate only if the MFA was on the table.

As Uruguay Round negotiations progressed, the MFA was extended twice more as the final agreement was hammered out. In the end, the negotiation took seven years and produced 22,000 pages of agreements.[42] With Auggie's troops in splinters, the new voice of the retail industry rising in the background, and, most important, the developing countries united for the first time in history, the rich countries agreed to abandon the MFA.

The Slow Unraveling

If there were doubts about the political staying power of the U.S. industry, they were dashed as it became clear that an agreement to end the MFA was not the same thing as the end of the MFA. While retailers and developing countries wanted to yank the thread to unravel the regime in a few pulls, the textile interests pushed the other way, and ultimately made sure that the unraveling would proceed at a snail's pace. Negotiations over *whether* to end the MFA were simple compared to the negotiations over *how* to end the MFA.

Should the MFA be phased out over 5, 10, 15, or perhaps even 25 years? Should the poorest countries be freed from quotas first, or should the bigger exporters be allowed to go first? Or perhaps each category of clothing should be freed from constraint at the same time for all countries? The tortuous complexity that had characterized the administration of the MFA for decades was in the end trumped by the even more daunting complexity of the regime's undoing. Finally, the countries agreed to a 10-year phase-out, beginning in 1995. The countries also agreed to lift the quotas in stages by product. In 1995, goods comprising 16 percent of SME imports were freed from quotas; the subsequent two tranches, in 1998 and 2002, freed 17 percent and 18 percent, respectively, of SME imports from quota.[43] The final tranche, set for liberalization in 2005, liberalizes the remaining 49 percent of imports.

However, the term "phase-out" is quite a misnomer, because the agreement does not phase out quotas steadily but instead leaves most in place until the "cliff" in 2005. The agreement specifies that certain percentages of *imports* be freed from quota, but it does not require that the goods freed be those that were under quota to begin with. As a result, during the first two tranches, very few quotas were removed, because most of the goods specified in the tranches had not been under quota. Approximately 85 percent of quotas were scheduled to still be in effect until December 31, 2004.[44] Indeed, in the first tranche, the United States lifted only one quota: that for work gloves from Canada.[45]

Julia Hughes and Erik Autor could only shake their heads at the beginning of the "phase-out" as nonexistent quotas were rescinded on parachutes, kelims, silk sport bags, and laparoscopy sponges. Thanks to the weakened but still snarling domestic industry, they would have to wait another 10 years to see the quotas vanish (maybe) on things that people actually buy, such as cotton T-shirts, underwear, or pants. ■

NOTES

1. This essay relies on interviews during 2001 to 2004 in Washington, Alexander City, Alabama, and Shanghai with Erik Autor, Phyllis Bonanno, Christopher Champion, Jennifer Hillman, Julia Hughes, John Jackson, Cass Johnson, Donna Lee McGee, Michael Levy, Carlos Moore, James Moore, Paul O'Day, Michael Ryan, Ronald Sorini, Auggie Tantillo, Earl Whipple, Patrick Xu, and Tom Young. Telephone discussions were held with Jack Albertine, Ross Arnold, Michael Hubbard, Jeff Martin, and David Trumbull.
2. Underhill, *Industrial Crisis*, 4.
3. Joint Textile Industry letter on China to President Bush at <www.atmi.org> accessed July 20, 2003. The letter was signed by American Textile Manufacturers Institute; American Manufacturing Trade Action Coalition, National Textile Association, American Yarn Spinners Association, American Fiber Manufacturers Association, National Cotton Council, American Sheep Industry Association, American Textile Machinery Association, Carpet and Rug Institute, Association of Georgia's Textile, Carpet & Consumer Products Manufacturers, Hosiery Association, Industrial Fabrics Association International, North Carolina Manufacturers Association, and Textile Distributors Association.
4. Joint Press Release, Amtac et al., June 9, 2004.
5. For an account of the pre-election safeguard campaign, see Blustein, "Textile Makers Fight for Limits." The status of China safeguard petitions is reported at <http://www.otexa.ita.doc.gov>.
6. World Trade Atlas, accessed June 3, 2004, for HTS categories 61 (knit apparel) and 62 (woven apparel).
7. See <http:www.ustr.gov/regions/whemisphere/camerica/regional.shtml>.
8. As of 2003, only 19 of the 48 countries in the Sub-Saharan Africa region had been granted apparel benefits by the United States. Textile and apparel trade provisions of these agreements are at <http://otexa.ita.doc.gov/Trade_Act_2000.htm#>.
9. USITC *Harmonized Tariff Schedule of the United States* (2003) (Rev 1). This abstracts from a further complexity, because if the T-shirt is all white without a collar or pocket, then it falls under the "underwear" category.

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QUESTIONS FOR MAKING CONNECTIONS WITHIN THE READING

1. Throughout her argument, Rivoli repeatedly uses the phrase "the race to the bottom" without ever explicitly defining what it means. What is this race? Who are the participants? What are they racing to the bottom of? What is the prize that goes to the winner? What do the losers get?

2. One of the particular challenges Rivoli faces in writing about the recent history of trade policy governing textiles in the United States is the sheer complexity of the regulations; another is the large number of players involved (the "alphabet armies"). Yet another complexity is that alliances shift over time, with key players moving over to the "dark side." Given the level of detail this subject requires, it is possible that Rivoli's larger points are in danger of getting lost. What would you say are Rivoli's larger concerns, beyond pointing out the complexity of the issue of textile trade?

3. Rivoli is writing about events as they unfold and thus cannot offer her assessment as final or definitive. She can only say, as she does repeatedly, that this is how the situation looked heading into 2005. Did the MFA quotas expire, as scheduled, on December 31, 2004? If you were to update Rivoli's argument, what would you say has happened to the textile trade in the years after she published *The Travels of a T-Shirt in the Global Economy?*

QUESTIONS FOR WRITING

1. Rivoli identifies the negotiations over the U.S.-Carribbean Trade Partnership Act as a "telling example of the dominance of politics over markets," an example that appears to carry on an American tradition of exempting the textile industries from free trade. Is a world where markets dominate the political system superior to one where politics would dominate over markets? Given that Rivoli's case involves a long history of American presidents exempting the textile industries from compliance with broader trade policies, how does this illustrate the dominance of politics over markets rather than vice versa? How might politics suffer if economic forces become too powerful?

2. Towards the end of her chapter Rivoli observes that "[n]egotiations over *whether* to end the MFA were simple compared to the negotiations over *how* to end the MFA." Given the history Rivoli has related, this can't be much of a surprise; indeed, one could say that it is the very nature of political entities to impede the pace of change. With this thought in mind, describe what might have happened had all the trade restrictions Rivoli describes been eliminated in the blink of an eye. Then, based on your own independent research, discuss what actually happened to the textile industry once it went over the "cliff" of 2005. Do we now find ourselves with a free market?

QUESTIONS FOR MAKING CONNECTIONS BETWEEN READINGS

1. In "'Market Fundamentalism' Versus the Religion of Democracy," Bryan Caplan asserts that it "is more important for students to understand that self-interest often encourages socially beneficial behavior than to understand that this mechanism falls short of perfection." Does the textile trade, as Rivoli describes it, serve to illustrate Bryan Caplan's central point? Would Caplan focus on individual agents or groups to illustrate the value of self-interest, or would he focus on the collective value derived from the actions of everyone acting at the same time? Or does Caplan believe that any economic activity can be seen as "encourag[ing] socially beneficial behavior" of some kind? Write a paper in which you explore the role of self-interest in the creation and maintenance of the textile industry.

2. In "A World on the Edge," Amy Chua discusses the very same issues that concern Rivoli: globalization, democracy, markets. Yet Chua's account differs both in its focus and its conclusions: where Rivoli sees the steady erosion of trade protections for the textile industry, Chua sees a rise in ethnic violence and a failure of the United States to fulfill its global obligations to the disadvantaged. How do you explain these differing views on the import of globalization? Does Rivoli's study illustrate the broader developments discussed by Chua? Or does Chua's account illustrate the macroeconomic forces Rivoli discusses? Which version of globalization seems better at explaining our world today?