



FOLLOW YOUR STUFF

Who Makes It,

Where Does It Come From,

How Does It Get to You?

Kevin Sylvester and Michael Hlinka



annick press
toronto + berkeley

To Kit, Hap, Kathy, and Al — K.S.

Dedicated to Wyatt: The best thing
that ever happened to me! — M.H.

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Designed by Danielle Arbour

Annick Press Ltd.

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We acknowledge the support of the Canada Council for the Arts and the Ontario Arts Council, and the participation of the Government of Canada/la participation du gouvernement du Canada for our publishing activities.

Canada  ONTARIO ARTS COUNCIL
CONSEIL DES ARTS DE L'ONTARIO
an Ontario government agency
un organisme du gouvernement de l'Ontario

Cataloging in Publication

Sylvester, Kevin, author

Follow your stuff : who makes it, where does it come
from, how does it get to you? / Kevin Sylvester, Michael Hlinka.

Issued in print and electronic formats.

ISBN 978-1-77321-254-8 (hardcover).--ISBN 978-1-77321-253-1
(softcover).--ISBN 978-1-77321-256-2 (HTML).--ISBN 978-1-77321-255-5
(PDF)

1. Consumption (Economics)--Juvenile literature. 2. Consumer
goods--Juvenile literature. 3. Consumer behavior--Juvenile literature.
4. Economics--Juvenile literature. I. Hlinka, Michael, author II. Title.

HC79.C6S99 2019

j306.3

C2018-903733-4
C2018-903734-2

Published in the U.S.A. by Annick Press (U.S.) Ltd.
Distributed in Canada by University of Toronto Press.
Distributed in the U.S.A. by Publishers Group West.

Printed in China

annickpress.com
kevinsylvester.online
michaelhlinka.com

Also available as an e-book.
Please visit annickpress.com/ebooks for more details.



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Getting Ready to GO GLOBAL!

Who made the shirt you're wearing? Do you know? Can you say where it was made without looking at the tag?

The truth is, all of the things we use, consume, and buy are made by other people. Lots of them. Millions of them, in fact, from every part of the globe! People you will never meet. People who might not even know that their own good work helped you stay warm during the last bit of cold weather or helped you see better.

But wait, you say. I've made a cake . . . from scratch!

Not really. "From scratch" means you have access to the basic ingredients, but you are just assembling them. That cake is delicious, sure, but it's not really something you made all by yourself.

Someone else grew the wheat. Someone else harvested the sugarcane, and other people turned that into the sugar you used. Same thing for the flour, the milk, the icing, the food coloring, the chocolate, the candles, the . . . you get the idea.



Who are these people?
Where do they live?
How do they do their work?

Well, if this book had been written even 50 years ago, many of those people might have been your neighbors or lived pretty close to you. Today, thanks to cheaper transportation costs, advances in technology, and other issues we'll look at in the book, they probably live thousands of miles away.

Together, they form a chain of connections from, say, a cotton seed or a bit of rock to the shirt on your back, the phone in your hand, or **THIS VERY BOOK!**

And when you make a purchase, each one of them gets a tiny fraction of what you pay. Some get way smaller fractions than others—which

raises a few questions about the fairness of this global economy.*

THIS VERY BOOK will attempt to explain who those people are, where they are (hint: everywhere!), what they do, how they get paid, and how you are involved in the global economy.

Okay, fasten your seat belts (made in Mexico) and strap on your safety goggles (made in Canada with raw materials from Indonesia), turn the page, and **GET READY TO GO GLOBAL!**

** When we talk about a "global economy," we mean that raw materials and products come from all over the world and are sold all over the world. This "global" market has always been true for some products (such as tea, oil, and spices), but today it's true for almost everything.*



Good Global QUESTIONS

Wait a minute:
we're not quite ready
to go global yet.

Before we get started,
we have to deal with a
huge issue.

“Is it worth it?”



You need to ask this question every time you're about to make a purchase—a purchase that will have an effect, remember, around the world. In fact, it's such an important question that it does double duty: you can (and should) ask it in two ways, neither of which is answered with a simple **yes or no**.



RELATIVE VALUE



ONE:
Is it (whatever it is)
worth paying for?

Most of us don't have endless supplies of money, so when we buy something, we have to determine if the expense is worth it. Is it worth parting with our hard-earned allowance to have this thing?

Another way to ask this question is, "What's worth more? A \$50 video game or a \$50 pair of jeans?"

Of course, it's a trick question. They both cost \$50. But, you might be willing to pay \$50 for one and not for the other. This is a really important concept known as "relative value." Here, "relative" means that different things are worth more (or less) to different people, even if they are priced the same.

The people who make goods and the people who sell them are constantly balancing what they can charge for an item versus what it costs them to make that item. If no one wants a video game, then it's not

worth \$50. And this price target moves all the time. Want to pay \$2,000 for a metal furrowing plow? No. But 100 years ago, you would have gladly shelled out the money because the plow was something you wanted and needed.

Manufacturers (the people and companies that make goods) try to cut or control costs while still making a profit. So they might shop for cheaper raw materials such as cotton or computer chips. Reducing costs lets them both lower prices and increase profits.

Another cost they can control is wages. Which leads us to . . .

TWO:
**Is it worth what it costs
someone else?**

People get paid to make the goods you buy. They are compensated for their skill and labor. In a perfect world, people doing the same job would be paid according to their skill and how hard they work. But actually, how much they get paid could depend more on where they live than how well they do their job.

A textile worker in Germany might get paid \$15 an hour to make a shirt, while a person doing the same job in Guatemala might get \$1. So, a shirt made in Guatemala might be cheaper for you to buy, but that's only because someone is getting paid a lot less to make it.

Not everyone agrees on whether that's a good thing or a bad thing. In fact, there are no simple answers when it comes to questions about "fair wages."

In Germany, \$15 an hour is about the minimum wage and just slightly below the average hourly wage for all workers.

In Guatemala, \$1 an hour is well above the average wage. That tells us a lot about the different poverty levels in the two countries, and it also shows why a textile company might move a factory to Guatemala rather than pay higher wages in Germany.

Should they pay their workers more? Good question. And that's just scratching the surface of the ways in which wages affect the global economy.





Throughout the book, you will see big question marks like the one above. They're telling you that it's time to start thinking more deeply about a particular issue. Maybe it's the wage of the miners who dug the ore that was used to make your cell phone. Or perhaps it's safety concerns about the product itself. A lot of fuel is burned to move things around the globe, so that environmental impact is also something to consider.

We're not going to answer the questions. But you need to ask them every time you buy something.

You are a huge part of the global economy, and every dollar you spend is part of a system that touches dozens of lives directly, and millions indirectly.

Okay, now we're ready to go.



T-SHIRT?

More Like A-to-Z-shirt!

There are dozens of people (at least) who helped turn a living plant into the cotton T-shirt on your back.

That's a cool-looking tee you just picked up at the Fits U 2 a T shop at your local mall. It's even got the logo for your favorite band, the Globals. Let's say you paid \$25 for it (plus \$2.50 in tax* that goes to the government). Who got what?

Let's start at the beginning.

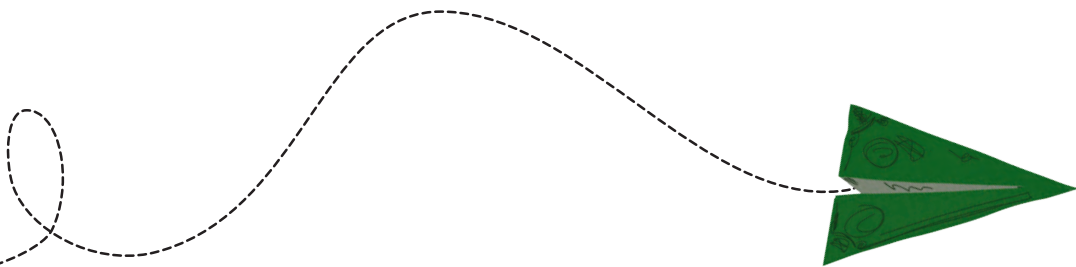
** Taxes vary depending on where you live or shop. To keep it simple, when we talk about tax in the book, we've rounded it to an even 10 percent.*



One more thing to clear up before we move on. Throughout the book, we'll discuss "profit." But there are two kinds.

GROSS profit is what's left over after subtracting the direct costs of making a product from the selling price. So, for example, if it costs a company \$10 to make a pair of pants and they sell those pants for \$40, they've made a gross profit of \$30.

But there are other costs that businesses have to consider—things such as rent, insurance, electricity, and so on. Once those costs are taken into account, there's less than \$30 left. This is the NET profit. And if the total cost to produce and sell the product is more than the selling price of the product, that's a LOSS.

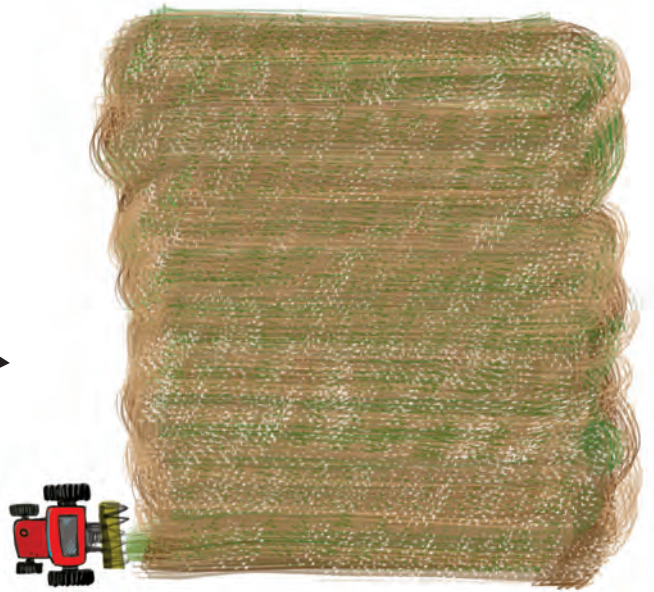


TOTAL COST

A (COT)TON OF FUN

It all starts with a seed.
Cotton is grown all over the world,
but the cotton in your shirt came
from a farm in China.

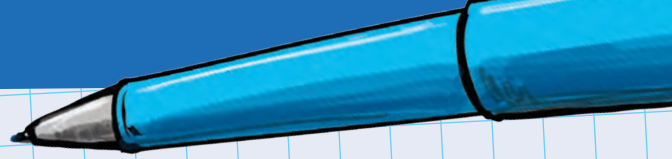
The farmer uses a machine to sow thousands of seeds in a field, which is divided into acres—squares about 64 meters by 64 meters (209 feet by 209 feet). Then she pays for fertilizer, water, and workers to make sure the plants yield a good harvest.



There is often a conflict between profit and human rights. A few countries use incredibly cheap labor, or even forced labor, to harvest crops. That makes your T-shirt much cheaper for you to buy, but is it worth it?

She might use a machine to harvest the cotton, or she might use workers. They get paid about \$15 per acre—from seed to harvest. That's not a lot for months of labor.





COSTS per acre:

Seeds:	\$100.00
Fertilizer/pesticide:	\$100.00
Water:	\$4.00
Machinery costs:	\$50.00
Labor/wages:	\$15.00
Business costs (repairs, fuel, insurance):	\$150.00
TOTAL:	\$419.00

Each acre yields the farmer about 500 pounds (226.80 kilograms) of cotton. Cotton prices vary, but let's say the average is \$1 per pound (0.45 kilogram). That means the farmer has made \$500 from her cotton per acre, but she spent \$419 to get that.

PROFIT*:

$$\begin{array}{ccccccc}
 \mathbf{500} & = & \mathbf{\$500} & - & \mathbf{\$419} & = & \mathbf{\$81} \\
 \text{pounds of} & & \text{SUBTOTAL} & & \text{COSTS} & & \text{TOTAL} \\
 \text{cotton at } \$1/ & & & & & & \\
 \text{pound} & & & & & &
 \end{array}$$

*The net profit might be higher or lower, depending on the day. Commodities (like cotton, beef, and oil or gas) are subject to price changes based on "supply and demand." If a storm wipes out a huge part of the cotton crop, the supply is low (scarcity) and prices go up. But if it's a perfect year and there is too much cotton (a glut), prices can drop a lot.

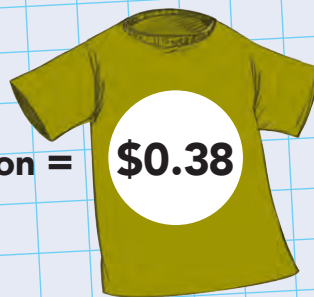
(although the farmer invests much of this back into the farm for upgrades to buildings, machinery, and so on)

$$\begin{array}{ccc}
 \mathbf{1} & = & \mathbf{16} \\
 \text{pound} & & \text{ounces} \\
 \text{(0.45 kilogram).} & & \text{(453.6 grams).}
 \end{array}$$



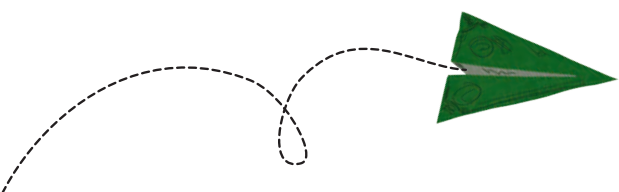
$$\begin{array}{ccc}
 = & \mathbf{6} & \\
 & \text{ounces} & \\
 & \text{(170 grams).} &
 \end{array}$$

There are 16 ounces (453.6 grams) in a pound, and a T-shirt contains about 6 ounces (170 grams) of cotton. That means the cotton only makes up about \$0.38* of the cost of your shirt.



$$\mathbf{\$1 \times 6/16 \text{ ounces of cotton} = \$0.38}$$

At the end of this stage, we've got an extremely large pile of cotton balls, picked and ready to be sent to a factory that will turn them into woven fabric.



CREATING CLOTH

The raw cotton is sent to a textile manufacturer. These can be found all over the world, but the fabric for this shirt was made in Guatemala.



Many textile workers are known as “unskilled laborers.” This means that their work can be done by almost anyone, with a little bit of training. This leads some companies to offer poor working conditions, including long hours for low wages. If employees don’t like it, there’s not much they can do. Would you pay more if you knew it would raise wages for those workers?

The cotton balls are fed into a series of machines. They are spun into thin strands and then woven into sheets. The workers get paid about \$325 a month.*

A T-shirt is made from about 1 meter (3.28 feet) of fabric, and it takes about 10 minutes, from start to finish, to make that in the factory.

** In Sri Lanka, textile workers make about \$60 a month; in Turkey, they might get \$850 a month. Workers in North America might get \$2,600.*





COSTS per T-shirt:

Wages:	\$0.10
Factory/machinery:	\$0.25
Chemicals* for treating fabric:	\$0.20
Dyes for making it green:	\$0.30
Markup:	\$0.20
TOTAL:	\$1.05

* Chemicals are used throughout this process. They're needed to clean the fibers as they are spun and woven. Cotton is often bleached, for example, to make sure it is evenly white. And since the Globals love yellow, the fabric will be dyed before it's sent to the factory that assembles the shirt.

The textile factory buys the chemicals and dyes from factories in China and the United States.

The total cost of the shirt, in materials and wages, is now about \$1.43



Rolls of cloth are now ready to be shipped to a factory that will cut, sew, and assemble the shirts.

