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The Future of Chinese Fashion: An Update

Arthur C. Mead [1] and Linda Welters [2]

Abstract: In 2012 the authors published *The Future of Chinese Fashion* in which they explored three aspects of fashion in China: production, consumption, and innovation through the lens of economic policies. The authors (2023) asked: "now that China is on the verge of becoming the world's largest economy, what will be its effect on fashion?" More than a decade later, during which internet shopping became widespread, a Chinese couturier gained international acclaim, and a Chinese company took over fast fashion, we have some answers. The article discusses what has happened to fashion in China since 2012 and the implications for the future.

Keywords: Future - textile - fashion - internet - China - production - consumption - innovation - politics - economy.

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[1] Ph.D. University of Minnesota, 1981 (Design; Minor: Art History and Museology). M.A. Colorado State University, 1973 (Textiles and Clothing). B.A. College of St. Catherine, St. Paul, MN, 1971 (Textiles and Clothing; Minor: Business), University of Rhode Island, Department of Textiles, Fashion Merchandising & Design. Instructor, 1979–81; Assistant Professor, 1981-86; Associate Professor, 1986–94; Professor, 1994–present; Department Chairperson, 1989-2001, 2004–2010, Spring 2012; Co-chair Fall 2012–14. Director of Historic Textile and Costume Collection 2017–present. University of Wyoming, Department of Home Economics Instructor, 1973–77

[2] Arthur C. Mead, Ph.D. (Economics) 1978, Boston College. B.A. (Mathematics) 1971, Boston College Instructor, Defense Leadership and Management Program 1998-2001; Chair of Economics, University of Rhode Island 1997 -2000; Professor of Economics, University of Rhode Island1996 - Associate Professor of Economics, University of Rhode Island 1984-1996. Assistant Professor of Economics, The University of Rhode Island 1978-1984. Instructor of Economics, The University of Rhode Island 1976-78. Instructor of

Economics, Simmons College 1975-76. Research Analyst, National Bureau of Economic Research, Cambridge, MA 1974.

In 2012 the authors published an article titled The Future of Chinese Fashion based on field research involving observation of fashion in first-, second-, and third-tier cities in China (Welters & Mead 2012). Complemented by a business literature review and economic data, the authors discussed the past, present, and future of Chinese fashion through the lens of changing economic policies, ending with the query "now that China is on the verge of becoming the world's largest economy, what will be its effect on fashion?"
More than ten years later, the authors revisited the topic because of developments in China and in the global system that supported its rise. It is the intention of this article to identify these developments, discuss their implications for China and fashion, and look at two examples of China's impact on fashion's world stage. First, however, is a brief review.

Review

The previous article looked at the changes in China's relationship with the world over time and its impact on dress practices. In the 2nd century BC, trade between the world's two great powers – the Roman Empire and the Han Dynasty – was flourishing along the Silk Road. Trade continued into the mid-15th century when China turned its attention inward. Its isolation continued as the Industrial Revolution swept across Europe in the 18th–19th centuries, leaving China culturally stagnant and economically behind. This led to its defeat in the Opium Wars ushering in the "Century of Humiliation." Change in clothing had occurred in trims, footwear, hairstyles, and ornaments, but the basic styles had remained relatively static during the Ming and Qing dynasties.
Things changed in 1911, when the Republic of China cracked open the door to the Western world, bringing foreign investment and Western ideas to China, including fashion. Men began wearing Western-style suits and women donned a blended East-West dress called qipao which was associated with 1930s Shanghai, a major cultural center. Globalization had reached China about 100 years after David Ricardo's theory that international trade was a positive-sum game, which launched the first wave of globalization in the 1840s. At that time less than 5% of the world's output was exported, but by 1913 it had nearly tripled to 14% before two world wars and a Great Depression eliminated all the gain. (Figure 1)

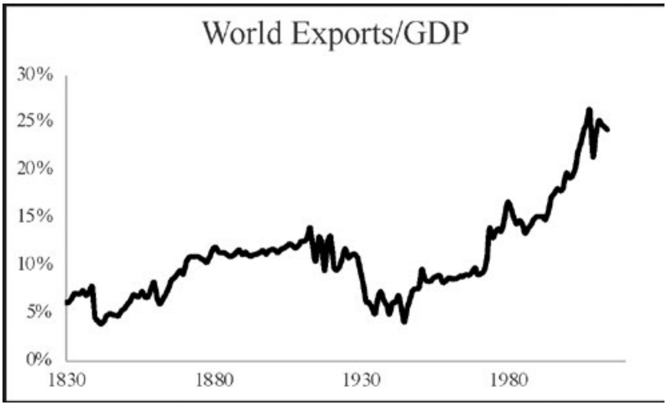

Figure 1. Total World Exports as a Percent of World Output (GDP). Graphic by Arthur C. Mead.

After WW II the world separated into two teams, one led by the US and one by the Soviet Union. The US-led team, consisting of mostly Western capitalist democracies and several East Asian countries, chose globalization as the path to peace and prosperity. They established the United Nations to promote communications and the International Monetary Fund, World Bank, and General Agreement on Trade and Tariffs to lower trade barriers and jumpstart globalization's second wave.

The Soviet team, which the People's Republic of China joined in 1949, chose self-sufficiency and discouraged international trade. In China, to promote equality Mao Zedong rejected fashion by mandating a gender-neutral trouser suit with a stand-up collar known as the Mao suit. The Cultural Revolution that began in 1966 purged both Western ideas and Chinese heritage, further expunging fashion.

By 1980 the results were clear. China with its self-sufficiency approach remained desperately poor while its neighbors who had chosen trade experienced remarkable growth. Between 1960 and 1980, GDP per capita in China rose 4% a year, well below the 14% average in Japan, Korea, Hong Kong, and Singapore. Globalization had delivered on its promise and following Mao's death in 1976, Deng Xiaoping reversed course and reopened China's economy. About a decade later, after the dissolution of the USSR, Russia followed China's lead and opened to the world marking what Francis Fukuyama saw as the end of history—"the end point of mankind's ideological evolution and the universalization of Western liberal democracy as the final form of human government" (Fukuyama, 1989, p. 4).

China, with the encouragement and support of the US, joined the World Trade Organization (WTO) in 2001. US support was based on the expectation that an expanding middle class would move China toward democracy: if people had economic choices they would eventually demand political choices. The move toward democracy never materialized, but China's entry into the WTO did generate talk of China's economic miracle which changed the growth and geography of the world economy and international trade. The clothing and textile industries played an important role. Made in China soon became a common label in clothing and other consumer products sold in the West. By 2010 China's share of the world's manufacturing exports had risen from 5% to 15%, while its share of exports in clothing and textiles rose to 37% and 30% respectively. Within China, the younger generation embraced fashion wholeheartedly, and the suddenly wealthy sought out Western luxury brands. China started developing its own fashion industry, elevating designers from nameless state workers to recognized creatives.

By 2012, export's share of world output had reached 25%, and Russia and India had joined the WTO, but globalization was paused. Most thought the pause was temporary given the efficiencies gained from the widening and deepening of supply chains. As the economies of China, Russia, and India grew larger and their trading connections grew denser, the expectation was that peace would be in their self-interest as would preservation of the trading system that had fueled their growth.

The optimism in 2012 that globalization would continue to deliver on the post WW II promise of peace and prosperity turned out to be misplaced. Headlines like "The Golden Age of Globalization" began to be outnumbered by ones like The End of Globalization. Here the authors look at global developments and developments within China that changed our views of the future of China and fashion.

Global Developments

By 2023 talk of economic miracles had been replaced by talk of the Thucydides Trap, and while a major military conflict would change everything, the authors assume no major military conflict between China and the US. There is, however, no question the future looks very different in 2023 than in 2010 because of the rise of populism and protectionism, a pandemic and a war, the end of China's economic miracle, and the change in leadership in China.

Rise of populism and protectionism

A key development since 2010 was declining support for globalization. Just as Ricardo had forecast, economic growth had accelerated as trade expanded, and there were winners including China with hundreds of millions escaping poverty and tens of millions entering the middle class. China's economy had emerged relatively unscathed from the financial crisis and in the years 2008 to 2012 its economy accounted for nearly half of the world's economic growth. China accounted for nearly 60% of the growth in manufacturing exports, and in clothing and textiles its shares of export growth were 77% and 95% respectively.

There were, however, losers. Millions of workers in manufacturing in high-income countries saw their jobs disappear in the perfect storm of a financial crisis, labor-saving technological change, and expanding international trade. In the same four years the European Union lost nearly 12% of its manufacturing jobs, and in Japan the losses were 10%. In the US 8% of the manufacturing jobs were lost and an average of 44% of all workers experienced declines in their inflation-adjusted wages.

The story was pretty much the same everywhere: "high-skilled employees have benefited from globalization…only a fraction of low-skilled workers have actually seen their earnings meaningfully increase … [this] has generated growing disappointment [and] outright resentment" (Bonifai et al, 2021, p.1). Unfortunately, without the winners compensating the losers, international trade was not a positive-sum game and public officials seriously underestimated the anger and loss of dignity, purpose, and income associated with those lost jobs, including in clothing and textiles and the importance of cultural identity. Populists tapped into this and the backlash was greatest in those communities with the highest exposure to Chinese imports.

In Europe the backlash was triggered by the mass immigration by land and sea from the Middle East, Africa, and Southern Asia in 2015. What followed was the rise of far-right, ethno-nationalist, and far-left parties in Europe. The Brexit movement in Great Britain also pushed for protectionist policies to reduce the movement of people and goods.

In the US, presidential candidate Donald Trump tapped into the anger of millions who had seen the American Dream with its promise of rising wages and upward economic mobility disappear and who had lost loved ones to deaths of despair (Case & Deaton, 2020). They were open to his promise to Make America Great Again by building a wall to protect American workers from immigrants taking their jobs, plus raising tariffs and rewriting trade agreements to protect them from low-wage workers abroad. A continuation of globalization needed a leader, but the US, which had been the driving force behind the 2nd wave of globalization, was now raising barriers to trade and promoting independence rather than interdependence. It did, however, become an exporter of political consultants, conspiracy theories, and election fraud claims that reached Latin America with the election of Jair Bolsonaro as President of Brazil in 2019 that ended in an attempted coup in 2022.

Pandemic, War in Ukraine, and Climate Change

Covid-19 and the war in Ukraine have raised additional questions about the costs and benefits of the long and complicated supply chains that evolved in globalization's 2nd wave. If Russia was willing to go to war and ignore the repercussions because its 45% share of Europe's natural gas supply gave it leverage, would China, which dominates numerous important industries including the market in rare earth elements, use its leverage for political and economic gains? US Treasury Secretary Janet Yellen thought so when she suggested corporations consider "friend-shoring" when creating their supply chains, while policy makers were recommending shorter and more domestic supply chains (Atlantic Council 2022).

Corporations, meanwhile, have begun to reassess the risks of bottlenecks and political instability in their supply chains and diversify their portfolios of suppliers just as investors diversify their portfolio of assets to minimize risks. They have shortened their supply chains with more near-shoring and regional supply chains—decisions made easier by technological changes that reduced labor costs' impact on location decisions and made more important by rising concerns about climate change.

Since the clothing and textile industries have historically been the most mobile industries, these changes are likely to significantly impact these industries. Data is not available beyond 2020, but in the labor-intensive clothing industry, China's exports in the period 2012–2020 dropped 11% while exports increased in Vietnam, Cambodia, Bangladesh, and Pakistan where labor costs were lower. These countries were all located in Asia where the projected growth in middle-class spending for the years 2015 to 2025 is 78%; therefore, the growth could reflect the movement of production closer to the market (Kharas, 2017). In textiles, which is much more capital intensive, location decisions appeared to be driven more by economies of scale with China's textile exports increasing 61% while exports from the rest of the world declined 7%. In Europe, which performed best of all continents in the Climate Change Performance Index in 2022, exports rose by 22%.

Developments Within China

China's Economy

China's economy in 2010 was the 2nd largest in the world, the result of 30 years of 10% a year growth in GDP which was fast enough for the Chinese to accept limited political freedoms as the price of rapid economic growth and upward mobility. In the next 12 years the average growth rate fell to 6.6% and the IMF's projections for 2023 are in the 5.5% range. By 2023 the question of when China would have the world's largest economy had been replaced by questions such as: is this the end of China's economic miracle, will China fall into the middle-income trap like much of Latin America and never catch up with the US, and what will happen to the freedom growth tradeoff?

The recent slowdown reflects China's severe response to the pandemic, but the longer-term projections reflect several structural problems. The first is China's demographics which have been a concern for Chinese authorities since at least the 1970s when Mao launched a "later, longer, and fewer" campaign that became Deng's one-child mandate in 1979. The number of children born per woman fell from 2.7 in 1980 to 1.7 in 2010, but partly this reflects a global trend that was most severe in Southeast Asia and Latin America.

Policy officials responded by allowing families to have two children in 2016 and then three children in 2021. They also encouraged marriages and proposed policies to reduce the high cost of children. The decline continued, however, reaching 1.18 in 2022, the same year China reported deaths outnumbered births and its population declined for the first time in 60 years and last year China was the world's most populous country.

Far more troubling are the forecasts of China's future labor force that will constrain China's growth. In 2022 the working age population (age 18–60) was 866 million—slightly more than that in Europe, South America, and the US combined. By 2050 China's working-age population is projected to decline by 244 million leaving China with a working-age population equal to that of South America and the US, and by 2100 China's working age population is projected to be 349 million, slightly more than South and Central America. This will greatly affect the geography of manufacturing, especially labor-intensive industries such as clothing and textiles.

Compounding the demographic problem is longer life expectancies, from 43.7 in 1950 to 78.2 in 2021, making it the first country to get old before it gets rich. Looking forward, China's elderly population (60+) will almost double to 265 million by 2050 when there will be less than one working age person to support the young and old. This pattern of demographic change is not unique to China, but what is unique is that it is happening in a middle-income country without a strong public pension and health care system. What is also unusual is China's move toward ethnic purity reflected in its policies in Xinjiang Province and in the lack of in-migration which could offset some of the population decline. Despite China having nearly 4 times the population of the US, the number of immigrants in the US is nearly 50 times the number in China (Immigration by Country, 2023).

The shortage of labor could be partially offset by increases in productivity, but productivity growth rates have been declining and a turnaround is highly unlikely. First, the mass migration from rural to urban areas contributed to the high rate of productivity growth during China's economic miracle years as workers moved from farms to factories, but this migration will slow which will lower productivity growth. Second, China's economy is experiencing an accelerated version of the cost-disease of the service sector as workers move from factories to offices reducing overall productivity growth.

While the labor force and productivity affect the supply-side of China's economy, there are also serious concerns about the demand for goods made in China. Exports have been an engine of China's economic growth since the earliest days of Deng's reforms. In the years 1960–1980 China's exports averaged less than 4% of total demand, but by 2010 foreign demand for China's exports had reached 27%. The political cost of China's exports, however, rose with those exports and the trade deficits they caused in importing countries has constrained export demand and will continue to constrain it. By 2021 export demand had fallen to 20% of total demand and in 2023 it is no longer an engine of growth.

China needed a new source of demand, and since 2010 it has been investment spending. One measure of the spending is gross capital formation which includes spending on improvements of land, machinery, and equipment, as well as construction of buildings and infrastructure including roads, rails, and airways. Between 2010 and 2021 investment spending averaged nearly 46% of total demand in China, more than twice the number in Latin America and the US. One indicator of the magnitude of the spending is in the transportation system including the high-speed rail system. It had barely opened in 2010 but since then has grown at an average rate of almost 33% a year so that in 2023 there were 42,000km in the high-speed rail system, about 2/3rds of the world's rails.

While investment spending has propped up the economy, a problematic area is real estate. In 2010 there were ghost cities and concern about a real estate bubble, but in China the bubble never burst as it had done in the US in 2008, which triggered the most severe recession since the Great Depression of the 1930s. In China, spending on real estate continued which was good for the economy and China's rapidly expanding middle class. Real estate is the primary form of wealth for individuals, so the fortunes of China's middle class are closely tied to the health of real estate as is the credibility of the communist party. It is important to the overall economy since real estate by itself accounted for about 25% of total demand in China in the 2010s (Center for China Analysis, 2023).

In 2023, however, the situation is very different. The boom in investment spending was fueled by unsustainable buildup of debt incurred by individuals, businesses, and local governments. The real estate sector was in crisis, at least that is how the IMF described it. Evergrande, one of China's largest real estate developers, declared bankruptcy which should be no surprise as it had presold 720,000 apartments that it had not delivered (Barbieri, 2023). There were many other similar stories as the number of unfinished and vacant buildings grew and sales and prices fell; this has many of the characteristics of the US in 2008 after which it took years for the real estate and the overall economy to recover. The problems were compounded by the fact that foreign investors stepped away due to increasing concern about the deteriorating relationship between the US and China as well as a deteriorating business climate. By 2022 foreign direct investment (FDI) in China as a percent of GDP had fallen 75% from 2010 and then continued the fall in 2023 (Huang, 2023). In the near future, neither investment nor export spending will be an engine of growth.

If there was one bright spot it was that the savings of the Chinese people remained exceptionally high, averaging 34% of household disposable income for the years 2000–2019 while in the European Union and US the rates were 6% and 9% respectively. This does increase the funds available to support investment spending, but it is the flip side of China's "consumption conundrum" (Ma & Song, 2023). Consumption spending is by far the largest component of spending in the world's rich countries, and Chinese policy officials have been trying to raise consumption spending in an effort to follow the lead of all high-income countries and make consumption an engine of economic growth. Domestically this will raise the standard of living of millions and internationally it will ease tensions about China's balance of trade surpluses. To date there has been little success at lowering savings and increasing consumption spending since the high savings rate is partially a response to the weak safety net prompting individuals to save more for education, health care, and retirement.

These indicators point towards a slowdown and potential decline of China's economy in coming decades, although there is no reason to believe it will collapse. The wild card at this point is China's leadership. In 2013 Xi Jinping became president of the People's Republic of China and the expectation was China would continue to play by the rules by which it benefited. This was not Xi's vision for China's future.

China's Leadership

Xi's overarching goal is returning China to what he believes to be its rightful position as the center of the world. China's relationship with the world since Deng's reforms has been defined by its goal of accelerating its economic growth which was best achieved through cooperation with the US and support for the international institutions established after WW II. In 2010 there was no reason to believe this would change, but it did.

Xi, like Mao, sees China's future as an ideological struggle and talk of the "end" of history is over. China's future success rests with a strong Chinese Communist Party (CCP), and while Mao was its founder, Xi sees himself as its savior. This is why there is once again talk of a cult of personality and why policy choices are again centralized and increasingly dependent on the whims of an individual. In 2023 Xi began an unprecedented third term as China's leader and China's future is now closely tied to Xi's vision.

To understand Xi's vision, while there is no Mao's Little Red Book, there is "Xi Jinping Thought for the New Era of Socialism With Chinese Special Characteristics," which has been added to China's constitution and school curriculum. In the communique known as Document 9, released just months before the Third Plenum in 2013, Xi outlined the threats facing China (China File, 2013). The threats were presented as the promotion of Western constitutional democracy, universal values, a civil society, protection of individual rights, a free press, and a belief in free markets, and a belief in the inefficiencies of large state-owned industries. There was nothing about slower economic growth, a rapidly ageing society, climate change, unsustainable debt, or rising inequality and corruption. China's rise would depend on addressing the threats he sees, both internal and external.

To ensure internal peace, which is a real challenge given China's history of dynastic cycles, Xi replaced rapid economic growth with stability as the CCP's goal which would be achieved by centralizing power and leaving fewer decisions to individuals and more to the state. This was very clear early in the, Made in China 2025 strategic plan that was part of the thirteenth five-year plan in 2015. China's government, rather than entrepreneurs, would now identify and support strategically important industries higher up in the value chain which did not include clothing and textiles. For Xi, this would not only stimulate growth and reduce the chances of widespread protest, it would also give China the political and economic leverage fossil fuels had given the OPEC countries and Russia. What it also appears to have done is encourage millionaires to leave China which ranks only below Russia in terms of the number of millionaires leaving in 2022 (Ang, 2022).

Xi also believed the Soviet Union collapsed "because they didn't have the tools of dictatorship. Nobody was man enough to stand up and resist" and this would not happen in China (Pottinger et al., 2022, p.1). To avoid a collapse in China, Xi moved to restrict the freedoms of individuals, universities, and the press by creating a surveillance state, which is why China spends more on security than defense. This money bought them a sophisticated surveillance system built on an unprecedented amount of data that would be essential in creating a social credit score. This would measure financial creditworthiness of businesses, governments, and individuals and their social creditworthiness (Yang, 2022).

To date there is no national social credit score, but China has managed to restrict human

rights enough to rank near the bottom of the Human Rights Index, just above South Sudan. It has also reduced freedom of the press enough to rank near the bottom of the Press Freedom Index, just above North Korea. A good example of this was the decision in 2023, when the youth unemployment rate hit an all-time high, to wipe it from the news.
Internationally, China will no longer follow Deng's lead and maintain a low profile. This is evident in China's aggressive behavior toward Taiwan and its neighbors in the South China Sea, its rapid military expansion, and its pursuit of dissidents beyond its borders. It is also evident in the rise of nationalism and anti-US attitudes, especially among the young who have been designated as Generation N for nationalism (Bram, 2023). It has also ramped up its soft power by spreading the word about China through over 500 Confucius Institutes established around the world including 25 in South America. On paper, this is part of China's campaign to get the word out on its culture and language and win over the hearts and minds of people around the world, although some see it as a Trojan Horse.
Xi also moved to free China from the rules of an international system created by the West promoting western values. Xi believed it was rigged against China and the Global South. This was an opportunity for China to create an alternative system with a different set of values—what Xi called a A Community of Common Destiny for Mankind (Chen 2021). The first step was the creation in 2010 of the BRICS, an acronym to describe a group of four of the largest and fastest growing countries: Brazil, Russia, India, China and South Africa. These were developing countries forecast to dominate the world's economy by 2050, which is consistent with projections for the global middle class. There is no one measure of the middle class, but regardless of the measure the BRICS will account for at least 50% of the world's middle class by 2030. The BRICS gave these countries a voice that had been drowned out by institutions created by developed countries decades ago.
In 2023 BRICS expanded to include members from the Middle East (Saudi Arabia, United Arab Emirates, Iran), Africa (Ethiopia, Egypt) and an additional member from South America (Argentina). The addition of these countries did not add much to the organization's GDP, but it did add the voices of Africa where more than 50% of the world's projected population will be living, and the oil-rich Middle East to BRICS. It also lowered the BRICS' scores on the Human Rights Index and Press Freedom Indexes which may make it an alternative to the existing institutions favoring democracy that has been in decline in recent years.
An important second step in this direction was the Belt and Road initiative launched in 2013, echoing the Silk Road of the past. This initiative is a rebirth of the water and land routes linking China with the world and it has invested up to $1 trillion, mostly in infrastructure, in nearly 150 countries including many Western democracies. The majority were in Africa and the Middle East (63), East and South Asia (31), and Latin America and the Caribbean (21); these are resource rich and high growth areas (Nedopil, 2023).
China has also expanded its trade agreements. By 2023 there were 100 countries, including many allies of the US, with investment agreements with China and there are 17 bilateral trade agreement including the 2020 Regional Comprehensive Economic Partnership which links China with 14 countries in Asia. This makes sense given forecasts that "Asia is

the world's consumption growth engine—miss Asia and you could miss half of the global picture, a $10 trillion consumption growth opportunity over the next decade" (Tonby et al., 2021). It has also become a major trading partner and investor in South America and Africa. The US remains the largest trade partner with Latin America, but the gap has narrowed substantially since 2000. By 2022 China was South America's largest trading partner accounting for about ¼ of total exports that were mainly resources including oil. It was also investing. China was responsible for 1 of every 11 dollars of foreign investment in Latin America and the Caribbean (Roy, 2023).

Effects on Fashion

Production, consumption, and innovation were three aspects of fashion discussed by the authors in 2012. Changes have occurred in all three. Beginning with production, consumers around the world are seeing fewer *Made in China* labels in clothing. As noted above, apparel manufacturing began moving out of China to lower-wage countries such as Bangladesh and Vietnam. Middle-class consumers do not prioritize where fashion items are manufactured, instead purchasing fashion products that are good value for money. However, recent emphasis on fair labor standards has hurt brands found to have produced goods in unsafe factories or using forced labor. The rise of social media has enabled such criticism of fashion and its supply chains. For example, authorities in the Xinjiang Autonomous Region in northwestern China, home to the Uyghur ethnic minority group, have been accused of using forced labor in its cotton industry resulting in boycotts by international brands and counter-boycotts by Chinese consumers.

As for consumption, recent business literature reports that while some aspects of Chinese fashion consumerism have continued, specifically purchases of European luxury brands such as Louis Vuitton and Hermes, others have changed. International tourism shopping was paused during the Covid-19 pandemic, and has not resumed at former levels. Instead, Chinese are travelling and purchasing fashion items domestically (Lee, 2023). There is more interest in mid-range Chinese brands, such as sportswear giants Li Ning and Anta than in foreign brands like Adidas. As in the rest of the world, online shopping has boomed. In China it has been on platforms such as Alibaba's Taobao and Tmall. Many consumers around the globe have expressed ethical concerns over the sustainability of fast fashion, especially the increased amount of cheap clothing discarded in landfills. In the past, fast fashion companies used low-wage production facilities in China, linking fast fashion to China in consumers' minds.

Developments in innovative fashion design and business models have been especially intriguing as discussed in the two case studies below. A handful of high-end designers aiming at the luxury market have been invited to show in Paris, a mark of recognition from the world. In 2012 the authors wondered whether mid-range Chinese brands would find favor with consumers in the West as an expression of desire for fashions designed in ascendent China. Two companies were discussed: Shanghai Tang and Blanc de Chine. Interestingly, neither brand caught on in the West. Interviews with Chinese designers acknowledged that they found it difficult to break into the Western market (Tsui, 2010).

At home in China, the story is different. Upscale boutiques and department stores sell the work of Chinese designers for which there is increasing demand among Chinese consumers who have money to spend (Williams, 2015). "Designed in China" is touted as a move up the value chain from "Made in China" by academic observers of Chinese fashion. Earlier designs incorporating international concepts have been replaced with a "growing tide of nationalism" fueled by patriotic sentiment and a desire for home-grown brands (Wu, 2022, p. 21; Zipser et al, 2021). This desire to buy Chinese goods even has a name: *guochao* (Zipser et al, 2021). Designers look to Chinese culture and dynastic history for inspiration.

Two case studies, one of a Chinese couture designer, the other of a savvy business model founded in China, are discussed. Together they illustrate political and economic developments detailed above.

Case study: Guo Pei

In 2012, the authors asked if a native Chinese designer would emerge on the world scene, such as Issey Miyake, Yohji Yamamoto, and Rei Kawakubo did when Japan's economy escalated in the 1980s (Welters & Mead, 2012, p. 33). One Chinese designer has risen to international fame. Her name is Guo Pei.

In 1986, when the Chinese fashion industry was in its infancy, Guo Pei graduated from the Beijing Second Light Industry School and began working for a state-owned fashion company. After a few years, she moved to private companies where many of her designs were selected for manufacture, ultimately making lots of money for the companies. In 1997, she decided to found her own company, Rose Studio, and focus not on ready-to-wear, but on one-of-a-kind creations for the newly wealthy Chinese market. She showed her first couture collection at Beijing Fashion Week in 2006; it was called *Samsara*. Her gowns with very large skirts drew attention, specifically one called Da Jing (Magnificent Gold) that cost over $1 million dollars and took over 50,000 hours to make (D'Alessandro, 2022). At Beijing Fashion Week, she presented only when she had a collection ready rather than on a seasonal schedule, which averaged every two or three years.

Recognition of her work grew when the costumes she designed for the Beijing Summer Olympics in 2008 were televised around the world. She received many awards and invitations to have her work included in museum exhibitions, both in China and internationally. Her international reputation was solidified when two of her designs were included in the 2016 exhibition *China Through the Looking Glass* at New York's Metropolitan Museum of Art. This popular exhibition featured Western designers influenced by Chinese themes as well as Chinese designers. Her iconic design—Magnificent Gold —had its own room. Further highlighting the Chinese designer, that year pop star Rihanna wore a Guo Pei gown to the Met Gala, the Museum's highly publicized annual fundraiser.

That same year, 2016, she was invited to show her work at the Paris Haute Couture, which meant designing two collections per year, one for Fall-Winter and one for Spring-Summer. This was a demanding schedule for someone who works more like an artist than a designer; thus, when Covid-19 hit, she withdrew from Paris Haute Couture to concentrate on her couture business and contributing to museum exhibitions.

It is important to note that Guo Pei does not have a secondary ready-to-wear brand or commercial tie-ins like some other well-known Chinese designers. Her work is exclusively bespoke, meaning one of a kind, for individual clients such as Peng Liyuan, wife of the party leader, as well as celebrities and businesswomen (Williams, 2015). Early problems in extracting payment from clients were solved with the help of her husband, an importer of luxury textiles, who set up a membership system in which clients paid an annual fee at one of three levels. She also designs for opera and theater. This method of custom work allows more creative freedom for the designer.

Today Guo Pei is widely recognized as a great Chinese designer. Her work is seen as transcultural in that it combines international style concepts with elements referencing Chinese heritage, namely traditional embroidery and Chinese motifs. She considers herself a designer who communicates Chinese culture through fashion. This makes her an ideal representative for Xi's vision of China.

Case study: Shein

When the original article was published in 2012, the authors predicted that Chinese fashion would enter the world stage, but it was not clear how. While native Chinese designers such as Guo Pei have been recognized for their innovation and dedication to craftsmanship, Chinese ready-to-wear brands have not been accorded recognition until recently. In 2012, internet shopping for fashion was still in its infancy, especially manufacturers selling direct to consumer. Amazon dominated e-commerce in the US by selling branded merchandise on their platform; in the 2010s they began developing their own inexpensive designs, employing generative Artificial Intelligence (AI) to monitor social media for emerging trends (Knight, 2017).

The same thing was happening in Nanjing, China, when entrepreneur Chris Xu transformed his e-commerce dress business, founded in 2008, into the world's highest-grossing fast-fashion company, Shein. He started in fashion by selling wedding dresses manufactured in Guangzhou, but he soon shifted to developing his own supply chain by purchasing an e-commerce site, partnering with fashion bloggers, and promoting through social media, especially TikTok. Shein launched overseas sites, eventually shipping to over 220 countries (Nguyen, 2021). The company chose not to sell in China's competitive market. In 2021, Shein's app had more downloads than Amazon, with sales in 2022 estimated at $15.7 billion (Sourcing Journal, 2022). Shein's astronomical growth in 2020 and 2021 has been attributed to pandemic shopping; its growth rate has slowed since 2022 as new Chinese competitors appeared.

Currently based in Singapore, Shein is known for very inexpensive clothing aimed at Gen Z (young women aged 15-35), offering an average of 2000 new styles per day. It is worth noting that Singapore is an Asian finance center where businesses sidestep the scrutiny of the CCP; it is a popular destination for migrating millionaires. Shein's designs are generated by monitoring social media through AI. Microtrends are identified and orders sent to manufacturers, who produce small runs of under 100; if overnight sales are positive, production is increased. If not, the item is cut. Shein uses small- to medium- sized factories, often in Guangzhou, who are eager for work. The turnaround time from design to finished product has sped up the usual fast-fashion supply chain from approximately seven weeks (from concept to store at Zara [McCarthy Byrne, 2022]) to three days at Shein. The company offers free shipping and free returns. Customers receive their orders in seven to fifteen days. (Shipping costs are not discussed in business literature, but based on the authors' experience in 2010, mailing from China to the US is fast and cheap.) Consumers participate by showing their purchases on YouTube hauls, generating buzz around the brand. Shein's business model has generated two new industry terms, *ultra-fast fashion and fast fashion 2.0.*

Fashion industry insiders wonder how Shein can sell clothing at such low prices, e.g., $20 USD for a dress, $30 for a complete outfit. There are no physical stores. Selling directly to consumers avoids export taxes and import duties, resulting in exceptionally low prices. Consumers sometimes report issues with fit, but due to the low cost of items, returns are scarce. Shein has been accused of blatant copying, using child labor, and sourcing from Xinjiang, but the company's lack of transparency has not substantially hurt business.

Shein has been expanding outside of Asia. One of Shein's recent moves includes teaming up with the American fast fashion retailer *Forever 21* to sell Shein merchandise in physical stores. The company also has opened factories in Brazil in an attempt to expand into the Latin American market. To counter the claims of copying, the company has collaborated with independent designers in a division called SheinX.

Conclusion

As for the future, the authors are much less confident in forecasting in 2023 than in 2010. There are three potential scenarios.

First is the conflict scenario where China and the US engage in an armed conflict. History suggests there is a non-negligible chance for this to happen, and if it does, globalization will collapse. In the best case the conflict will be limited, but it will take years for any return to normalcy including the size and location of the global fashion industry.

Second is the 3rd wave of globalization scenario in which the pause that started around 2008 will end. The world will adjust to the shocks from the financial crisis, pandemic, and war in Ukraine; governments will do a better job of compensating globalization's losers, reversing the rise in inequality; and one country will step forward to take the lead in promoting globalization. In the 1st wave it was England, in the 2nd wave it was the US, and in the 3rd wave it will be China. The centralization of power reignited China's economic growth despite falling off a demographic cliff. The CCP chose the right industries in which to invest and the state-owned enterprises delivered the goods accelerating China's move into high-tech industries. China will work with the US within a new international system that more closely corresponds with the existing world order to address global issues including pandemics and climate change and support international trade. Where clothing is manufactured will continue not to be a major concern for consumers who will make their decisions based on style and price. As for where fashion is produced, supply chains will be shortened, in large part due to climate change, and production will depend less on low wages and more on infrastructure and technology.

Third is the divided world scenario. In China the centralization of decision making would choose the right industries in which to invest and the state-owned enterprises would deliver the goods, accelerating China's move into high-tech industries. China would work with the US within a new international system that more closely corresponds with the existing world order to address global issues including pandemics and climate change. China's centralization of power will not reignite the economic growth of the miracle years. Economic insecurity will continue, and the excitement, confidence, and innovation of the growth years will largely be gone. Globally, there will be a divided world with team US consisting of liberal democracies and team China consisting of a few autocracies. Both teams will have a declining share of the world's economy, while a large group of nonaligned countries including much of South America will have an increasing share. Trade between team US and team China will be lower in this scenario, and where clothing is designed and manufactured will be a more important concern for consumers as local brands become more popular.

Due to climate change, all scenarios have shortened supply chains closer to markets. Consumers will still care about price. Of the three scenarios, the authors find the third scenario to be most likely given the current political and economic situation.

Note

The data for this article were obtained from the Organization for Economic Co-operation and Development, Our World in Data, United Nations, World Trade Organization, and World Bank.

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Resumen: En 2012, los autores publicaron El futuro de la moda china, en el que exploraron tres aspectos de la moda en China: producción, consumo e innovación a través de la lente de las políticas económicas. Los autores preguntaron: ahora que China está a punto de convertirse en la economía más grande del mundo, ¿cuál será su efecto en la moda?. Más de una década después, durante la cual las compras por Internet se generalizaron, un modisto chino obtuvo reconocimiento internacional y una empresa china se hizo cargo de la moda rápida, tenemos algunas respuestas. El artículo analiza lo que ha sucedido con la moda en China desde 2012 y las implicaciones para el futuro.

Palabras clave: Futuro - textil - moda - internet - China - producción - consumo - innovación - política - economía.

Resumo: Em 2012, os autores publicaram O Futuro da Moda Chinesa, no qual exploraram três aspectos da moda na China: produção, consumo e inovação através das lentes das políticas econômicas. Os autores perguntaram: Agora que a China está prestes a se tornar a maior economia do mundo, qual será seu efeito na moda?. Mais de uma década depois, durante a qual as compras pela internet se tornaram generalizadas, um estilista chinês ganhou reconhecimento internacional e uma empresa chinesa assumiu o fast fashion, temos algumas respostas. O artigo analisa o que aconteceu com a moda na China desde 2012 e as implicações para o futuro.

Palavras-chave: Futuro - têxtil - moda - internet - China - produção - consumo - inovação - política - economia.

[Las traducciones de los abstracts fueron supervisadas por el autor de cada artículo.]