

# JEANS



A CULTURAL HISTORY OF  
AN AMERICAN ICON



James Sullivan



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To

**MONICA,**

**who put our boys in blue jeans**

E L E V E N



## Wrapped in the Flag: “America’s Gift” in the Global Era

**L**evi Strauss & Co. is headquartered in Levi’s Plaza, a cluster of buildings along the Embarcadero at the foot of Telegraph Hill in San Francisco. The lobby of the main office bisects the building up to the seventh floor, providing views of administrators padding through the halls several floors above. Visitors enter the lobby past a museumlike time line of Levi’s history. A darkened kiosk serves as a viewing room for an endless loop of the brand’s archival television commercials.

“People love our clothes and trust our company,” reads the inscription along the wall by the security desk. “We will make the most appealing and widely worn casual clothing in the world. . . . We will clothe the world.”

They came awfully close.

For decades blue jeans have been recognized around the globe as a symbol—perhaps *the* symbol—of Western culture. The product is like “a magnificent flag that says ‘USA’ to the world at large,” as a president of the Denim Council once put it.

As the idealism of the American youth movement spread overseas, sales of blue jeans in Western Europe rose from \$8 million in 1968 to \$100 million in 1972. “The World Is Blue-Jean Country Now,” *Life* magazine declared that year, noting that American students “have been known to finance their entire summer European travels by selling off extra Levi’s.” And not just in Europe either: “Moscow and Tokyo youths often offer to buy jeans warm, right off an American tourist’s anatomy,” reported one wire service.

The quintessential “American” product, of course, has its ancestry in European workwear. Foreign influence has been considerable since the designer jeans era, which can be traced in part to early 1970s French labels such as MacKeen and Sisley. And the premium fashion leaps of recent years are largely rooted in the innovations of Italian brands like Diesel and Replay. Yet the creation myth is so powerfully American that few bother to challenge it. When Johnny Hallyday, the “French Elvis,” endorsed a new jeans line in the late 1980s, he called it Western Passion.

“It is true that historically the two European cities of Nîmes in France and Genoa in Italy represent the places where denim was born,” writes Renzo Rosso, the founder of Diesel, in an e-mail. “But for me it’s from the fifties to the seventies in America, with James Dean and the flower-power movement,



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that our culture of denim and the idea of freedom come from." When the Berlin Wall came down in 1989, blue jeans symbolized the arrival of Western-style democracy—and commerce. No longer did they have to be smuggled. One Italian company introduced a line called Perestroika jeans. Another, Rifle, opened a store in Red Square, and a brand called Cimarron put an image of Mikhail Gorbachev on its hang tags. There is "more power in blue jeans and rock and roll than the entire Red Army," as Régis Debray, the French guerrilla philosopher and comrade of Che Guevara, once said.

Like the nation it represented, the Levi's brand was now seen as the reigning global superpower. Its impeccable authenticity made it the gold standard, both at home and on the international underground. Trucks delivering Levi's were

frequent targets of hijackers. By the time LS&CO. signed its first licensing deal in Eastern Europe in the late 1970s, black-market Levi's were selling in Hungary for the equivalent of one hundred dollars apiece. A decade later, just before the fall of the Iron Curtain, smuggled Levi's were worth at least twice that much in the USSR. Counterfeiting, too, has been a constant bane of the company. In Italy in the mid-1970s, the number-two brand of blue jeans, after Levi's, was imitation Levi's. Company security officers, working with the Italian government, identified and closed two plants that were turning out the fakes.

By the late 1980s, Levi Strauss & Co. was the envy not only of the garment world but branding experts everywhere. The manufacturer had instilled its own story into American history, perfecting a product that was familiar to a wildly disparate cross-section of the population. Perhaps no commodity of any kind has benefited more from the imprimatur of Americana. In 1984, the year Levi's was the official outfitter of the United States Olympics team, one of the biggest-selling albums of all time featured a cover image of the artist, Bruce Springsteen, facing an American flag. Shot from behind by the celebrity photographer Annie Leibovitz, Springsteen's backside on *Born in the USA* is flying the little red flag—Levi's red tab.

As designer jeans waned in the mid-1980s, consumers surged back to basics. It was a windfall for Levi's, which capitalized by adopting some of the new tricks of the trade—namely, the claim to sex appeal. With Levi's, as often as not the object of desire was male, as the company's pivotal commercials "Bath" and "Laundromat" attest. In the former, a shirtless man submerges himself in a bathtub, shrinking his 501s

the old-fashioned way. In the latter, a young man doing his laundry strips to his boxer shorts, stuffing his jeans into a washing machine as fellow patrons gawk. Both ads ran in slightly different versions in England and America. In England, they were a phenomenon. The original versions of the oldies songs that accompanied the commercials, "Wonderful World" and "I Heard It Through the Grapevine," both reentered the pop charts. Nick Kamen, the model in the washing-machine spot (retitled "Lauderette"), became a celebrity, a pop singer whose online fan clubs still swoon over the ad today.

But the massive, decades-long growth of Levi's was beginning to show signs of erosion. The "Bath" and "Laundromat" commercials were so popular, even competitors benefited; Lee jeans claimed a marked increase in sales. Levi's had been a generic term for blue jeans for decades by this point, and that generic quality, coupled with the universality of the classic five-pocket jean design, made success in the field a distinct possibility for anyone who entered it. Growing at an annual rate of 24 percent in the 1970s, LS&CO. was disinclined to make many concessions. But a hint of future troubles could be gleaned from a comment made by Robert T. Grohman, then the company's chief operating officer, in a *Forbes* cover story in August 1978. "We've been running without time to catch our breath," he said, explaining the reluctance to chase trends. "Fashion jeans just weren't important. You can't have the kind of growth we had in basics and also develop fashion."

It was a harbinger. In the coming years, the venerable San Francisco clothier would remain fiercely committed to its core product, resisting innovations as fleeting fads. The behemoth of the industry gradually developed an unfortunate reputation as the garment world's Johnny-come-lately. Ideally suited for

the momentary return to basics of the late 1980s, it was reluctant to acknowledge the baggy jeans phenomenon of the early 1990s. And it was slow to respond once again when low-rise would dominate the racks a few years later. Though still the world's largest purveyor of blue jeans, Levi's has tumbled from a record-high sales volume of \$7 billion in 1996 to just over \$4 billion in 2004. Observers and competitors, many of whom are unabashed fans, agree that blame for the company's woes can be pinned on its methodical approach, its tendency to stand apart from the changing marketplace. With the aging of the baby boomers and the maturation of Generation X, Levi's—for decades the tribal uniform of the young—had become yesterday's news to the prime jeans-buying market of eighteen- to twenty-four-year-olds. "They are like an oil tanker, so big, so tough to move," says Mark Emalfarb, who recalls that the company held out as long as it could on the stonewashing trend.

"Levi ain't used to somebody telling them what they got to do," says Bill Hervey, retired president of Wrangler Menswear, who minces no words when it comes to his lifelong rival. "Their arrogance, their lack of consideration for the consumer—it's mismanagement of the whole brand. I mean, it's two hundred years old," says this dapper Southern gentleman, rounding up a little, "and they're killing it."

In the midst of the designer era Wrangler received an unexpected boost. The suburban zeal for fancy cowboy boots, mechanical bulls, and beer in long-neck bottles that swept the nation in the wake of the 1980 movie *Urban Cowboy* greatly profited the company, the most cowboy-identified brand of the Big Three. "You have no idea how it set this country on fire for

western. We expanded like crazy," says Hervey, who maintains an office at Wrangler headquarters in Greensboro. Employees there still call him "Mr. Wrangler."

In 1986—a year in which *Life* magazine reported that thirteen pairs of jeans were sold every second—VF Corporation, which had bought H. D. Lee in 1969, engineered a friendly merger with Blue Bell, Wrangler's parent company. The combined enterprise claimed 25 percent of the then-six billion jeans market. VF, which began in 1899 as a Pennsylvania glove and mitten company, later becoming Vanity Fair Intimates, today calls itself the largest publicly traded apparel company in the world, selling Lee and Wrangler, Chic, Gitano, Britannia, and Earl Jeans, as well as Nautica sportswear, Vans sneakers, and many other brands.

VF wasn't the only emerging Goliath to bank on jeans. In the late 1970s the clothing chain of San Francisco-based Gap Inc. had grown to more than two hundred stores, and the company was phasing out its once-total reliance on Levi's. By 1980 Levi's accounted for just 35 percent of sales in the stores as Gap introduced its own private labels such as Foxtails, Monterey Bay, and Durango. One of Gap's big breaks from its San Francisco neighbor involved a joint venture cut in 1978 with Ralph Lauren.

Lauren, born Ralph Lifshitz, was a onetime necktie salesman with a flair for the dramatic—he had a showroom in the Empire State Building—who launched his own clothing line, Polo, in 1968. A decade later, he had become well known for reviving aristocratic fashion, having cleared the way for the preppie explosion of the 1980s with his stylized costume work on *The Great Gatsby* (1974) and Woody Allen's *Annie Hall* (1977).

For Gap, Lauren made his first foray into jeans with Polo Western Wear. Once called "the apotheosis of the self-made man," Lauren was more at home in tweeds and tennis sweaters than work pants. In an unauthorized biography by Michael Gross, the author quoted a former neighbor who recalled a visit the young designer paid to his mother: "Once, Ralph drove up in a sports car, wearing jeans. Frieda was horrified. Jeans were a mark of being poor. She gave him hell. 'If you want to see me, you dress properly.' He came the next week in a suit." But by 1978, jeans could confer considerable status, and Lauren saw a way in. He would appropriate the American tradition of the rugged individualist as part of his own growing range of lifestyle offerings. "I made westernwear very important," Lauren once said. "I pioneered it." (To which a former associate supposedly replied, "Yeah. He invented horses too.")

The Polo Western Wear showroom on 54th Street in Manhattan featured suede furniture and huge boulders trucked in from the Southwest. Despite the elaborate trappings, however, there was something about the line that was not quite right. "We all tried on the pants," recalled one salesperson, who had been obliged like the others to wear cowboy boots. "They didn't look good on anyone who wasn't long legged and thin." The jeans, concluded a Gap executive, "didn't fit the asses of the masses." Only half of the \$50 million wholesale order for 1979 was actually manufactured and delivered, and Gap pulled the plug in February 1980, writing off \$5.8 million. "It was the first, but not the last, time that Ralph would fail with blue jeans," noted Gross.

Not until the 1990s did Lauren confirm himself as a player in the jeans business. After enduring another setback with the underwhelming launch of his Double RL jeans, a weathered-

looking line named for Lauren's Colorado ranch and retailing for \$78 a pair, he finally found his audience with the launch of Polo Jeans Co. Priced under fifty dollars and more youthfully appealing than other Lauren designs, Polo Jeans were licensed to El Paso's Sun Apparel, which had prior history with Sasson, Code Bleu, and other upscale denim companies. Lauren himself had taken to affecting a leisurely denim look, influenced in part by his on-again, off-again relationship with the actor Robert Redford, who began marketing his own lifestyle gear through his Sundance catalog in 1989. "Ralph never wore jeans and boots until he came under the influence of Redford," said one fashion editor.

Lauren has worked hard over the years to infuse his denim lines with a certain gravity, a sense of history to rival the American flag's. Polo Jeans, for instance, featured a flag logo with little "RL"s in place of the stars. In July 1998 Lauren effectively purchased the archetypal American flag, paying \$13 million for the restoration of the enormous banner that flew over Baltimore's Fort McHenry during the War of 1812, the flag that prompted Francis Scott Key to write the poem that would become "The Star Spangled Banner." Some saw Lauren's act of philanthropy as a power play aimed to undercut another flag-fixated designer, Tommy Hilfiger, whose own jingoistic jeanswear provided stiff competition for Lauren beginning in the 1980s.

Hilfiger, the onetime bell-bottomed, shag-cut shopkeeper out of Elmira, New York, was all but unknown when his initials went up on a Times Square billboard in the mid-1980s. The ad audaciously declared him to be one of the "Four Great American Designers for men," alongside "RL," "CK," and "PE" (Perry Ellis). Having served as a freelance designer for Jor-

dache, Hilfiger was handpicked by Murjani to be the face of the company's all-American line, a counterpart to Lauren. At first the boyish upstart was ridiculed as an impostor, likened to the Monkees. But his steady apparel sense, carving a middle ground between Lauren's upward striving and Calvin Klein's fountain of eternal sexuality, calmly settled into its niche. The niche quickly expanded. From 1990 to 1992, following a break with the financially troubled Murjani, Tommy Hilfiger Corp. quadrupled its sales to \$107 million. An initial public offering raised \$46.9 million.

By the middle of the decade an unlikely phenomenon was under way. Hilfiger's boldly branded jeans and oversized jerseys had become a status symbol for young African-Americans. Tommy's younger brother, Andy, was in the habit of giving away Hilfiger clothes to performers in his job as a music-industry lighting technician. LL Cool J was one of the first prominent rappers to wear Tommy onstage, adopting the red, white, and blue jumpsuit that Hilfiger had designed for the Lotus Formula One auto racing team. "I never pushed for them to wear Tommy onstage," said Andy Hilfiger, "but you know, when you give away clothes, somebody's going to wear them *somewhere* where they will be noticed." His brother's business was virtually transformed when Andy delivered a few striped rugby shirts for Snoop Dogg on the eve of the budding superstar's 1994 appearance on *Saturday Night Live*. Snoop wore one of the shirts on national television, conspicuously displaying the designer's name—"Tommy" on the front, "Hilfiger" on the back. The designer did not squander his golden opportunity. He hired Kidada Jones, daughter of the musician Quincy Jones, who modeled Tommy clothes and dressed Michael Jackson in them for a cover photo shoot for her father's *Vibe* magazine. With rap

groups such as A Tribe Called Quest and Mobb Deep soon extending shout-outs to "Tommy Hill" ("He called me his nigga!" Hilfiger gushed to *Playboy*), the designer had the urban buyer in his hip pocket. It was only a matter of time before suburban white kids, who made up the bulk of the hip-hop audience, followed suit.

By 1999, the kid from Elmira was piloting a \$1.7 billion juggernaut, and contending with the usual dilemmas such huge growth attracts. With thirty divisions, including footwear, fragrances, golf outfits, and home furnishings, Tommy Hilfiger designs were both bold and domesticated, urban and preppy. Amid the identity crisis, one thing seemed certain. When the company tried to scale back its trademark oversize logos, loyalists balked. The logos quickly returned to prominence. Whatever the product, the customer wanted it loudly branded.

It hadn't always been the case. Hip-hop's original architects, working underground in The Bronx in the late 1970s, often dressed in "gang mode," as Nelson George has called it. They wore dungaree jackets turned inside out, often emblazoned with gang names or graffiti tags. The hooded sweatshirts that went underneath concealed identity and provided protection from the chain-link fences of the subway yards, where graffiti taggers lurked. "A true hip-hop spirit doesn't need—or want—a designer label on his jeans," argued Sally Flinker in a 1985 essay. "His own name, or his tag, is the only commodity to promote, and it's borne proudly on the backs of denim jackets, huge nameplate necklaces, and belt buckles."

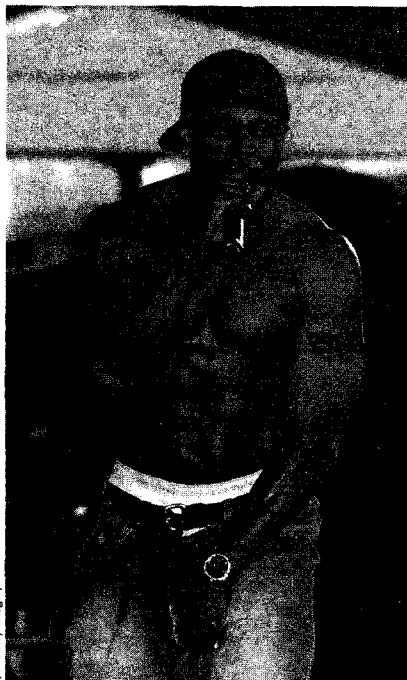
"Don't want nobody's name on my behind," rapped Joseph Simmons, better known as the Reverend Run, on the groundbreaking 1984 debut album of the rap group Run-DMC. Yet in the next line of "Rock Box" he betrayed his own name-

brand bias: "Lee on my legs, sneakers on my feet." If the jeans were Lee, the sneakers were undoubtedly Adidas, the German company that enjoyed a huge bounce from another Run-DMC song, "My Adidas," eventually signing the group to an endorsement deal worth more than \$1 million.

"We always bought into logos," the hip-hop impresario Russell Simmons—Run's brother—told *Vogue* in 1996. "The reason for it is that it represents all the shit we don't have." Simmons, the cofounder of Def Jam, the record label that helped push hip-hop into the mainstream with Run-DMC, Public Enemy, and the Beastie Boys, was one of the first rap figures to go national with his fashion ideas. Launched in 1992, Phat Farm still sells what it calls "classic American flava," a blend of "the hip-hop culture of the streets and the preppy culture of the Ivy League." Labels such as Phat Farm and FUBU—"For Us By Us," a line of urban gear started as a home business by Queens native Daymond John—helped spread the extreme look of baggy jeans, the ubiquitous street fad of the early 1990s. The baggy look implied a familiarity with prison life, where inmates, denied the right to wear belts, often wore pants that hung loosely off their hips. Gang members and would-be gangstas popularized the trend, passing it along to suburban kids eager to telegraph their own petulance.

At first, achieving the look simply meant buying jeans that were several sizes too big. Soon, however, retailers were selling jeans with extra-roomy legs and trimmer waistlines. Brooklynite Carl Williams, known in the business as Karl Kani, was one of the first designers to emphasize the extra-baggy look around 1991. His collaboration with the West Coast Cross Colours brand, known for its baggy overalls with a prominent red, yellow, and green logo, emphasized its origins. "We want it





© Getty Images

understood that only Cross Colours is made by true brothers from the 'hood," read the ads, marking turf against super-baggy interlopers such as Girbaud, which had stumbled onto urban-market success after being licensed in America by the casual-wear giant VF Corp.

Though Cross Colours went bankrupt in 1996, by then Kani's reputation was set. The following year he did \$50 million in sales, making his new line the largest black-owned apparel manufacturer in the country at the time.

In New York in the late 1980s, when the baggy look was just catching on, a young college student and Brooklyn native named April Walker was often on the scene among the high-roller crowd cruising Harlem's legendary 125th Street. She was

especially drawn to Dapper Dan's, the twenty-four-hour custom tailor shop frequented by friends ordering Gucci and Fendi knockoffs, velour sweatsuits, mink coats, and oversized denim ensembles.

"There was a lot of money," recalls Walker, who has been compiling footage for a documentary on the rise of urban fashion. "Porsches, Mercedes, all these cars double-parked outside late at night, with people having these elaborate outfits made. It amazed me."

Near the stately old mansions of Brooklyn's Clinton Hill, Walker opened her own tailor shop, Fashion in Effect, "on a shoestring budget." The storefront was short-lived; a Christmas Eve robbery convinced her to work by appointment only. By then, however, she had built a following among many of New York's up-and-coming rap stars, who began hiring Walker to style their photo shoots, their videos, and album covers. She designed for MC Lyte, Naughty By Nature, Queen Latifah. Soon she had West Coast customers, too, including Tupac Shakur and Snoop Dogg. And she quickly grew accustomed to working with oversized patterns—one regular was the rotund Christopher Wallace, aka the Notorious B.I.G., and another was the basketball superstar and sometime rapper Shaquille O'Neal.

WalkerWear, as she called the line, consisted at first of a few simple items—a sweatshirt, a T-shirt, a baseball cap, and a denim "hookup," a baggy matching top-and-bottom set she called Rough and Rugged, available in blue, black, and oatmeal. Heeding a suggestion from her friend Jam Master Jay, Run-DMC's DJ, she sewed huge pockets on the jacket. During a New York apparel trade show she rented a nearby hotel room and invited ten buyers from some of the country's most influential urban clothing

chains, including Merry-Go-Round, Up Against the Wall, and Dr. Jay's. "I didn't know what my response would be," she recalls. "Surprisingly, they all bought."

Walker became a fixture at the music awards shows, inviting rappers up to her suite for fittings, and her clothes were all over MTV and on CD covers. "That was my way of competing," she says. "I didn't have ad dollars." Although the baggy jeans phenomenon was handed down from prison culture, "prisonwear was not my thing," Walker says. "I was trying to transcend that, actually." Though she cut deals with national department stores, she quickly grew discouraged. "People didn't even understand what the urban market was," she says. "I stumbled on it, and I loved what I did. When it became such a big business, I didn't love it anymore. I love being creative, but I don't like the business. Mass producing—that's not fashion." Today she runs a nonprofit program in Brooklyn for young designers, arranging mentorships with FUBU, Phat Farm, and other successful urban labels.

The odd affinity between the hip-hop status seekers and department store fixtures such as Hilfiger and Lauren created a ready-to-wear version of the country's old melting pot ideal. Just as the designers gleaned ideas about fit and branding from their new urban customers, hip-hop labels including Phat Farm and FUBU, followed by Sean John, Rocawear, and Ecko, set overarching goals like Tommy's and Ralph's. They, too, wanted to be total lifestyle providers. The two sides fed off one another, and the traditional jeans manufacturers took note. Lee and Wrangler soon rolled out their own baggy and "relaxed" fits.

Levi Strauss & Co. was less enthusiastic. After posting record sales of \$7.1 billion (\$1 billion in profit) in 1996, the company tilted into its slow, steady decline. By 1999, the venerable institution was starting to panic. Ignoring the trend toward baggies had been a mistake, management conceded. "Loose jeans is not a fad. It's a paradigm shift," Sean Dee, Levi's jeans' new brand director, told *The New York Times Magazine*. The company's decades-long domination of the basic five-pocket jean business was no longer a lock. JCPenney, which premiered its private denim label, Arizona, in 1990, had a \$1 billion success on its hands by the end of the decade. Sears, Roebuck, another longtime Levi's partner, unveiled its own label, Canyon River Blues. Malls across the country featured young-adult-oriented chains such as American Eagle and Abercrombie & Fitch, which relied heavily on private-label denim sales. With so many competitors biting into its business, Levi Strauss & Co. began a seemingly endless cycle of layoffs, and it set out in search of leadership from the outside. When Peter Jacobi resigned as president and chief operating officer after just two years in 1999, he told a group of textile executives that the company had been asleep to the scope of its problems.

"The alarms were going off," he said, "but frankly, we hit the snooze button a few too many times."

Like the jeans themselves, Levi Strauss & Co. has always been staunchly independent, a kind of lone wolf in the apparel business—a bit of a rebel. It is also a straight shooter in an industry prone to flash and artifice. In order to raise capital to keep up with the dizzying growth of the 1960s, the company had made its first public offering in 1971. Seven years later *Forbes* reported that LS&CO. stock was a solid, if not specu-

lar, investment. "In going public, as in selling blue jeans," the magazine wrote, "the Haas family sold the public an honest product at an honest price."

But the family never warmed to the idea of answering to Wall Street, and in 1985 it engineered a \$1.6 billion leveraged buyout, at the time reportedly the largest in history. The move paid off almost immediately, inspiring a return to basics after flirtations with such far-flung products as down parkas, warm-up suits, and briefcases. The successful launch of Dockers chinos, the company's solution for the professional customer who had outgrown the jeans of his youth but was still averse to the well-pressed formalities of his father's wardrobe, would not have been possible were the directors beholden to stockholders, claimed then-president Thomas Tusher. "There's no way we could have spent ten million dollars on advertising like we did to get the name established," he told *Fortune* magazine in 1990.

If Levi Strauss & Co. was by nature honest and independent like its jeans, the company could also betray a much thinner hide than the durable work pants it gave to the world. It did not take criticism well. In the 1970s then-patriarch Walter Haas Jr. sought the advice of a religious ethicist to help institutionalize the sense of morality and fair play under which the company had operated for decades. That ideal surfaced in the company's commitment to its domestic workforce, even as the rest of the apparel industry began its long, steady exodus overseas. When LS&CO. began closing some of its American plants in the late 1980s, it did so with obvious anguish and defensiveness. The angry demonstrations of more than a thousand employees of a shuttered San Antonio factory were a particular embarrassment. At one point members of the so-

called Fuerza Unida ("United Force") protesters chained themselves to the doors of Levi's headquarters in San Francisco.

Oddly, a very similar scenario had unfolded decades earlier at the Amoskeag Manufacturing Company, once the world's largest producer of denim, and the exclusive supplier to Levi's. When Amoskeag management instituted a 20 percent pay cut in 1922, its once-loyal employees struck. The crippling standstill lasted nine months. The strike proved to be an omen for the mighty company. Cheap labor was driving the textile business elsewhere, as newer mills in North Carolina and other southern states capitalized on their proximity to the cotton fields and a hungry labor pool. The cost of modernizing the company's suddenly antiquated equipment was simply too great a burden. The fickleness of fashion was a factor, too, as one of Amoskeag's longtime staples, gingham, fell out of favor after the turn of the century.

Ultimately, it was the company's own "giantism" that led inexorably to its collapse. In a bitter end, Amoskeag filed for bankruptcy but was denied the right to reorganize. Instead, the court ordered the company to liquidate in 1936. Rather than acknowledging the southward shift of the textile industry, Treasurer F. C. Dumaine had stubbornly soldiered on in Manchester, building one last new mill in 1909 and annexing Amoskeag's largest local competitor, the Stark Mill, which specialized in duck cloth, in 1922. The most important lesson to be learned from the fall of Amoskeag, wrote Dumaine's biographer, is that "a corporation cannot succeed in accomplishing a socially desirable goal, valiant though it may be, when it is directly opposed

to the dictates of a competitive market.” It is a lesson that, three quarters of a century later, Levi Strauss & Co. would also learn the hard way.

Today, the old Amoskeag mill yard reflects the changing façade of business in America, with tenants including a software company, a mortgage broker, and a martial arts gym specializing in “combative concepts.” High above one end of the yard looms a neon sign that reads COTTON. It is the name of an upscale bistro serving “American comfort food.”

Just as the southern migration of the textile industry effectively killed off Amoskeag, globalization has pummeled the domestic denim industry. Over the past few decades competitive foreign manufacturers have brought giant North American mills such as Cone, Swift, and Canada’s Dominion Textiles to their knees. India’s Arvind Mills, rooted in a multigeneration family cotton business, has become one of the world’s biggest denim manufacturers and the number-one exporter, producing more than 120 million meters annually. Brazil—now the second biggest consumer of “*pantalones vaqueros*” in the world—is home to several huge mills, including Santista, Cedro, and Vicunha Textil. Cedro, a textile mill founded in 1872 by two brothers who supervised the importation of fifty tons of equipment from the United States into the rural Brazilian state of Minas Gerais, now promotes its trend-driven denim and other fabrics out of offices covering Europe, Asia, and the Americas.

By 1997 East Asian suppliers had surpassed the aggregate output of United States mills, producing 1.7 billion square yards. In recent years Turkey has emerged as another aggressor, building at least three massive mill groups. One of them, iSKO, entered a joint venture with Cone in 2002 to supply Levi’s Europe (and allow Cone to sidestep the 8 percent im-

port tariff it faced in Europe). “Our brands are international,” the CEO of Cone Denim, John Bakane, told *Women’s Wear Daily* in 2004. “We’re selling to more foreign customers, and all of these people have sourcing offices all over the world—Hong Kong, India, Indonesia, Japan, and Europe. . . . I don’t think you’re going to see any solely domestic companies left in developed countries. The surviving companies have to be international in scope.”

More than ever in the garment business, “Made in the USA” simply means the product was cut and sewn here, using imported materials. For many contemporary jeans brands, Italian mills such as Legler, Candiani, and Montebello and Japan’s twin pillars, Kurabo and Kaihara, make some of the most desirable denim in the business. Yet rapid technological improvements have given newcomers the ability to compete with long-established textile companies, both domestic and overseas, in terms of quality and innovation. Mexico, for instance, has become such an industry force that both Cone and Swift have moved much of their production south of the border. With mills around the world making exceptional denim products, insisting on the denim of a particular country—American or otherwise—now makes little sense, says Andrew Olah, the denim mills agent who represented Legler for twenty-five years and has been with Kurabo for fifteen: “It’s like saying, ‘I only eat Italian food, or French.’”

Held up to disproportionate scrutiny, Levi Strauss & Co. remains justifiably proud of its legacy. The company had insisted on operating integrated facilities in the South in the 1950s and ’60s, sometimes in the face of harsh local opposition. By

the late 1970s, 44 percent of its employees were minorities. Philanthropy and social conscience had been major initiatives from the days of Levi Strauss himself, setting standards across the corporate world. Benefits were always exceedingly generous. And employees were considered part of the family, always welcome at the table. Bob Haas recalls visiting his father at the old Battery Street headquarters while he was still in high school and being regaled by an elderly salesman named Joe Frank. The last living employee to have personally known Levi Strauss—he still carried the old man's wallet—Frank kept a desk until his death in his mid-nineties. Once upon a time he had delivered jeans by horse-drawn carriage. Now he was content to bend the ear of the boss's teenage son, who was obliged to listen.

Sitting at a round, blond-wood conference table in his corner office, Haas gazes out the floor-to-ceiling window, past the Ansel Adams prints and his top-floor patio, to the spectacular San Francisco Bay. Dressed in a crisp new pair of Levi's and a stylish brown leather shirt, the sixty-two-year-old heir to the company speaks warmly and chuckles easily. Harvard-trained but initially reluctant to go into the family business, Haas has weathered occasional criticism over his stewardship of the world's biggest blue jeans manufacturer. If this tall, slightly stooped man in round wire-rim glasses has endured the consequences of some of his decisions, he nevertheless carries an air of eternal optimism and gratitude for his family's good fortune.

"Arguably, no single U.S. corporation has done more to establish the moral high ground for social responsibility in business," wrote Karl Schoenberger in *Levi's Children: Coming to Terms with Human Rights in the Global Marketplace*. But loyalty was proving to be an increasingly burdensome yoke around the

company's neck. Beginning in the 1970s, it had cut deals with overseas manufacturers, but only for its international markets. Two decades later, the apparel industry's race to the bottom would finally force the all-American brand to move all its production, including production for its domestic market, abroad. Workers at the San Antonio plant had been making six dollars an hour; their replacements in Costa Rica received six dollars a day. Appeals that flag-waving competitors such as Ralph Lauren and Tommy Hilfiger had fled the country years prior—if in fact they had ever produced substantial quantities of their product in North America—went unnoticed. LS&CO. had made integrity the root of its identity, and now the perception was that its integrity was subject to revision. In 1998, the same year President Clinton awarded Bob Haas the first Ron Brown Award for Corporate Leadership, the company quietly announced it would close another eleven domestic plants and trim its white-collar staff of five thousand by 20 percent. Having operated sixty-three United States plants in the early 1980s, Levi Strauss closed the last two, both in San Antonio, on January 8, 2004. From paying thirty-seven thousand global employees as recently as 1996, the company had downsized to twelve thousand.

Competitors faced the same challenges. When Mackey McDonald, a former Lee executive, became CEO of VF Corp. in 1996, he began closing Blue Bell factories around the country. "He's unassuming, yet strong as an acre of garlic," says Wrangler's Bill Hervey. "He foresaw the fact that we couldn't be competitive with sixty to one hundred plants scattered across the U.S. He had the courage to close them. Blue Bell was the only thing in Oneonta, Alabama. It was a disaster for Oneonta."

But Levi Strauss & Co. couldn't win. On one side were the analysts who belittled the company's stubborn adherence to a

moral compass when profitability was clearly headed south. On the other were the disenchanted idealists who had hoped Levi Strauss & Co. would "fulfill some sort of quasi-messianic role in shaping the moral universe of big business." Today, the company battles an image of itself in desperation mode. Just as decades ago it stuck with its mom-and-pop retailers long after the department stores had redefined the shopping experience, for years the company resisted moving into the so-called "value channel," the big discounters such as Wal-Mart and Target. Now that the company has developed its cost-conscious Signature line, sewn in low-wage nations and sold in American discount stores, customers can buy a pair of Levi's for less than it would have cost twenty years ago.

"Levi's always had history on their side," says Joe Ieraci, of the Blue Hound denim consulting. "Historically, the customer always came back to Levi. This time they didn't."

"When I think of Levi's, it's kind of like Kleenex," says Len Larson, longtime employee of archrival Lee. "It's hard to imagine a company like that could slip that far." Countless innovators in the business freely admit having learned much of what they know from Levi's, whether as former employees or business partners. And they all have theories about the company's hardships. For some it's the disinclination to adapt; for others it's the watered-down effect of the scramble to improve profit margins with cheaper goods. Many analysts believe it comes down to the company's "touchy-feely management style," as Schoenberger notes in *Levi's Children*: "In other words, Levi Strauss had become exhausted by its ethics, choked into laggard inefficiency by political correctness."

For Jason Ferro, the rising designer who now has his own premium line, LADA, the biggest disappointment is his former

employer's inconsistency in upholding itself as the industry's gold standard. In recent years, he says, the company has become "notorious for starting something so fresh, so good, and then ditching it right when it's about to peak." Tentative sojourns into the premium jeans market with limited-edition vintage reproductions have sometimes seemed more like public relations moves than sustained moneymaking ventures. Customers wonder whether the company represents value-priced jeans at Wal-Mart or pricey, heritage-laden limited editions in SoHo boutiques. "I think there's room for both," says Ferro, "but they keep on ditching the top end. They don't really go after it like they should."

"We can produce anything the customer wants," said Grohman, the former chief operating officer, in that 1978 *Forbes* article. "We're not a one-product company. You can't relate our future to the future of denim jeans."

In more ways than one, he might have gotten it just right.