

3Technology Entrepreneurship: HDCS 4370
Quiz #4: The Introduction
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Rosen, E. I. (2002). The Globalization of the U.S. Apparel Industry: Making Sweatshops. University of California Press.

Please answer to the best of your knowledge the following essay question. Use detail where appropriate. Remember grammar, punctuation & spelling count.

- a. What was GATT and how did it facilitate trade? How did it differ from the Marshall Plan?(2 pts)

After the war was over, capitalist countries needed to discover a way to facilitate trade between one another. This resulted in the creation of the General Agreement on Tariffs and Trade (GATT), which helped rebuild the countries of the Atlantic Alliance in the postwar world and set the stage for the US to open up its markets to European imports (Rosen, 2002, p. 56, pp. 1). On the other hand, the Marshall Plan differed from the GATT in that it provided funding for European reconstruction (Rosen, 2002, p. 56, pp.1). Both plans were designed to serve their purpose, although they sounded familiar, and did different things.

- b. On page 57, paragraph 2, Rosen states, “*Trade between countries at the same level of development typically involves a relatively equal exchange of labor. Trade between advanced industrial and underdeveloped poor countries, however, is likely to reproduced previous colonial economic relationships...*” What is meant by this statement? Where have you learned about colonial economic relationships in class, in the text, or otherwise? Defend your answer. (2pts)

What Rosen stated above demonstrates the unfairness that takes place when an advanced industrial country trades with an underdeveloped poor country. The exchange of labor is unequal, which makes the underdeveloped poor country feel exploited. Rosen herself has discussed this topic earlier in the book when she stated that “Southeast Asian countries had been Japanese colonies before the war and had suffered economic and political exploitation that had enriched Japan at their expense” (Rosen, 2002, p. 30, par. 2). This shows that underdeveloped poor countries could go back to feeling like they are being used and that they are just another colony again.

- c. Who originally controlled tariffs? Who controlled tariffs in 1934? Why was there this shift in control? Defend your answer with support from the text. (2pts)

The control of tariffs in the United States has flip-flopped all over the place since their creation, but the right to set tariffs was originally granted to Congress by the Constitution (Rosen, 2002, p. 57, pp. 4). As time went on during the early 1930s, political corruption was all over the place. This led to major changes, one of them being the introduction of the Reciprocal Trade Agreement Act (RTA), which granted “President Franklin Delano Roosevelt the right to negotiate bilateral tariff reductions with individual trading partners” (Rosen, 2002, p. 58, pp. 2). Many congressional representatives discovered they could no longer vote in the best interests of their local constituents, resulting in a shift in power (Rosen, 2002, p. 58, pp. 4) which led to the president negotiating tariffs with other nations.

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- d. Rosen, on several occasions throughout chapter 4, discusses the defeat of the French at Dien Bien Phu. Why? Why is the defeat of Dien Bien Phu significant in American history? Why is this important to Congressman who favored protectionism a trade policy? (2pts)

The defeat of the French at Dien Bien Phu is significant to the United States for many reasons. Rosen mentions it on several occasions to drive home the point that even a developed nation could get beaten by the communists (Rosen, 2002, p. 64, pp. 3) which frightened a lot of people in the United States. This is important to the congressmen that favored protectionism because “protectionism in postwar America was a response to a transition in America’s foreign economic policy after World War II which ended 150 years of trade protection that had, by the end of World War II, contributed to unprecedented success for American business” (Rosen, 2002, p. 64-65, pp.3-4). This allowed for more bills to be introduced and passed in the United States.

- e. What was Kennedy’s Tripartite compromise? How did this benefit the textile and apparel industry in the US? (2 pts)

Kennedy’s Tripartite Compromise accomplished two things with its creation, with “the first element of this compromise being legislation creating quotas for East Asian imports” (Rosen, 2002, p. 73, pp. 2) and the second element being “the Trade Expansion Act (TEA) of 1962, which replaced the expiring RTA, last extended in 1958” (Rosen, 2002, p. 74, pp. 1). This was seen as a defining moment in postwar textile and apparel policymaking, legitimizing and institutionalizing an internationalist free-trade agenda (Rosen, 2002, p. 76, pp. 1). It brought forth a lot of change and even if it didn’t help solve the problem, it helped get them closer to a possible solution.

References

Rosen, E.I. (2002). *The Globalization of the U.S. Apparel Industry: Making Sweatshops*. University of California Press