

**Fashion Economics: FM 4339**  
**Quiz #7: The US Textile Industry**  
**Chapters 8**

**Dr. Adomaitis**

Carlos Contreras

**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. Where was the “second act” of trade liberalization played out? What countries did it include (Look at a map)? How did Reaganomics include these countries in foreign affairs? What was their relationship? (2 pts)

Latin America saw the second act of trade liberalization, with countries in the Caribbean, Central America, and Mexico participating (Rosen, 2002, p. 129, pp. 1). This was because The United States had already assigned the first act of trade liberalization to the Far East.

The Caribbean Basin Initiative (CBI), officially known as the Caribbean Basin Economic Recovery Act, was created by Reaganomics to integrate these countries into foreign affairs. It was "a new trade and investment program designed to promote economic development and political stability in the region and check the spread of Soviet-Cuban influence in the Americas" (Rosen, 2002, p. 129, pp. 2). This was another case of the United States using the textile and apparel industry to prevent communism from spreading.

The United States has been deeply involved in the military, political, and economic affairs of the Caribbean and Central America for at least a century (Rosen, 2002, p. 130, pp. 1). These regions were notorious for their corruption, so the US provided them with trade/economic support to dissuade them from turning to communists for help.

- b. What was occurring in Central America? How could history been repeating itself? How do you think the U.S. would respond to the crisis in Central America? (2pts)

Central America had been in upheaval during the late 1970-80s, undergoing a significant social and political transformation, with the Nicaraguan revolution constituting the most dramatic break from the past. The civil war in El Salvador, two

coups in Guatemala, and the United States' militarization of Honduras are manifestations of the crisis that altered the region (Weeks, 1986, p. 31, pp. 1). The United States had an obligation not to sit around as these events unfolded. The US government provided about \$16.8 billion in bilateral aid between 1980 and 1992 (Rosen, 2002, p. 132, pp. 0) to help in whatever way they could to prevent the region from looking for communism as a solution.

History has a habit of repeating itself, and that is what is going on in Central America as of late. For example, Honduras has been in the news lately because their former president just finished his two terms in office. The United States exposed all the corruption and fraud he committed by turning the country into a "narco-state," which prompted the Honduran Supreme Court to ratify the US extradition request of the ex-president (Suazo & Kurmanaev, 2022). This demonstrates that no matter how hard one tries, it is hard to get rid of corruption completely.

Unfortunately, the US would respond to the current crisis in Central America by doing what they do best and giving out economic support to the region. Still, the problem is the corruption in the area and not exactly knowing where the funds go because most of Central America is still third-world countries that have been pumped with billions of aid that are not noticeable.

- c. Please research and bring to class two examples of military, political, or economic affairs that occurred in the Caribbean or Central America between 1953 and 1985. Make sure your examples are from credible sources. Why did I ask you to research events in this region? How does it pertain to the chapter entitled, "*The Reagan Revolution*"? (2pts)

One example of military, political, or economic affairs in the Caribbean or Central America between 1953 and 1985 is Honduras becoming extensively involved in the US-backed Contra conflict against the Sandinistas in the 1980s. The US quickly turned Honduras into a base for Contra attacks on neighboring Nicaragua, and the region was littered promptly with airfields, supply dumps, and Contra soldier base camps (Honduras: A Country and a Coup, 2009). This resulted in many US military and National Guard troops being stationed in Honduras, flooding the economy with millions of US dollars.

Another example of military, political, or economic affairs in the Caribbean or Central America between 1953 and 1985 is the 1954 coup in Guatemala. That is when the United Nations (UN) Security Council (SC) passed Resolution S/3237, which called for the "immediate cessation of any action likely to result in additional bloodshed" in Guatemala (Getchell, 2015). There was a lot of violence in the country, and there needed to be a way to end it as soon as possible.

One was tasked with looking up events in this region to get more familiar with the area and the dark history that most people are unaware of ever happening. All of this pertains to the chapter entitled "The Reagan Revolution," demonstrating how the

United States decided to help Latin America and the Caribbean under Reagan and how it differed from Kennedy or Eisenhower.

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

- d. Define CBI? What was their economic status? What was the purpose of developing programs that would support new business opportunities in the Caribbean? (2pts)

The Caribbean Basin Initiative, otherwise known as CBI, was first introduced in 1983 under Reagan to dramatically accelerate the growth of assembly operations in the Caribbean and Central America (Rosen, 2002, p. 129, pp. 1). The Caribbean and Central America had always struggled to make it on their own, but with the help of the US, things were looking up. With the establishment of the CBI, the Reagan administration galvanized US agencies to create initiatives to advertise and promote new economic prospects in the Caribbean (Rosen, 2002, p. 134, pp. 2). The United States was handing out financial assistance to other governments in hopes of them using that money to start up new companies. Developing programs that would support new business opportunities in the Caribbean was to keep them away from communism because the United States knew if they did not help, the communist would.

- e. Print out a map of the Caribbean and Central America? (2pts)



Figure 1

## References

- Figure 1. United States Central Intelligence Agency. (1990) Central America and the Caribbean. [Washington, D.C.: Central Intelligence Agency] [Map] Retrieved from the Library of Congress, <https://www.loc.gov/item/90683938/>.
- Getchell, M. D. (2015). Revisiting the 1954 Coup in Guatemala: The Soviet Union, the United Nations, and “Hemispheric Solidarity.” *Journal of Cold War Studies*, 17(2), 73–102.
- Honduras: A Country and a Coup*. Modern Latin America. (2009). Retrieved from <https://library.brown.edu/create/modernlatinamerica/chapters/chapter-16-latin-america-in-the-world-arena-1990s-present/honduras-a-country-and-a-coup/>
- Rosen, E.I. (2002). *The Globalization of the U.S. Apparel Industry: Making Sweatshops*. University of California Press
- Suazo, J., & Kurmanaev, A. (2022). *Honduran Supreme Court Ratifies U.S. Extradition Request of Ex-President*. The New York Times.
- Weeks, J. (1986). An Interpretation of the Central American Crisis. *Latin American Research Review*, 21(3), 31–53.