**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 does the acronym NAFTA stand for? How did this effect apparel trade
      between the United States and Mexico? (2 pts)

The North American Free Trade Agreement (NAFTA), which took effect on January 1, 1994, "was designed to liberalize trade and investment in manufacturing a variety of more highly valued goods—like machinery, automobiles, and electronics" (Rosen, 2002, p. 153, pp. 2). The purpose of NAFTA was to remove trade barriers such as tariffs, allow free trade, and help invest in manufacturing.

NAFTA impacted the apparel trade between the United States and Mexico by promoting the development of a vertically integrated textile and apparel complex in Mexico, which is increasingly owned and controlled by U.S. textile and apparel transnationals (Rosen, 2002, p. 153, pp. 1). NAFTA resulted in a booming increase in apparel trade between the two countries.

  b. Define a Mexican *maquiladoras*. Is this the same as a sweat shop? If so, how
      come the author does not use the words interchangeably? (2pts)

A Mexican *maquiladora "*was designed to provide alternative employment in Mexico to deter the illegal migration of seasonal workers who crossed the border to work in California's agricultural economy" (Rosen, 2002, p. 154, pp. 0). Although young women had to work long hours for little pay at said Maquiladoras, they could not be considered sweatshops. Despite the low income, Mexican earnings were more significant than the average industrial pay in Hong Kong, Korea, and Taiwan; they had risen to $1.69 per hour in the maquiladoras, including fringe benefits (Rosen, 2002, p. 155, pp. 1). Sweatshops were not known for their rising pay or benefits, even if fringe, and is why the author does not use the words "*maquiladoras*" and "sweatshops" interchangeably.

c. Describe the events that led up to the devaluation of the Mexican peso. Were Mexican wages higher than those who worked in apparel or textiles in Hong Kong, Korea, and Taiwan? Defend your answer. (2pts)

Mexico's discovery of oil in the 1970s and its thriving petroleum export market allowed the government to borrow heavily. Until Mexico's oil exports dropped, "the country found itself unable to support its high debt burden, and the crisis led to a peso devaluation in 1982" (Rosen, 2002, p. 154, pp. 2). It always hits hard when a country depends on one thing for so long, and then that thing loses a lot of its value, thus tanking the economy.

For individuals working in apparel or textiles, wages in Mexico were higher than in Hong Kong, Korea, and Taiwan. Wages had increased in the *maquiladoras* to $1.69 an hour, including fringe benefits, and this was 15% of the $11.52 hourly American salary but 26% more than the Korean and 17% more than the Taiwanese rates (Rosen, 2002, p. 155, pp. 1). It is easy to see how *maquiladoras* had an advantage over sweatshops.

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

d. Compare the two United States programs: (1) The Special Regime with Mexico and (2) The Special Access Program with the Caribbean. (2pts)

The Special Regime with Mexico and the Special Access Program with the Caribbean were put in place under Reagan. The Special Regime with Mexico "made it possible for U.S. producers to expand their USTS 807 production sharing regime in Mexico by $240 million a year" (Rosen, 2002, p. 157, pp. 1). On the other hand, the Special Access Program with the Caribbean was designed to "satisfy U.S. textile corporations suffering the sting of failed protectionism" (Rosen, 2002, p. 153, pp. 2). Both initiatives simplified trade by eliminating fees and taxes despite their different names.

e. Discuss at least two pros and two cons of NAFTA. Defend your answer with citations from the text. (2pts)

A pro of NAFTA was the establishment of maquiladoras in Mexico. The trade benefits provided by NAFTA given by reducing tariffs have aided the shattered economy of Mexico (Rosen, 2002, p. 153, pp. 1). Another pro was that "textiles and apparel had become Mexico's fifth-largest export, and the United States was the recipient of 97.4 percent of the country's apparel exports" (Rosen, 2002, p. 153, pp. 2). This demonstrates that NAFTA did a lot to help boost the Mexican economy when first enacted.

A con of NAFTA was that "between 1975 and 1985, Mexico's debt went from $1.6 billion, or 58% of its gross national product, to $97 billion" (Rosen, 2002, p. 154, pp. 2), and this allowed the United States to take advantage of the situation and exploit

the Mexican workers. Another con was that this new investment resulted in a significant increase in low-wage garment production in Latin America and the destruction of Mexico's indigenous apparel industry. (Rosen, 2002, p. 153, pp. 1). It is never good when a section of the population has their jobs taken away, especially when it is a section that has been historically oppressed.

References

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