

BUF4300
Quiz #2:
Dr. Adomaitis

Daniela Peckova Watanabe

- a. Do past international theories of explaining international trade (classic theorists) facilitate an understanding of trade policies today? If yes, then why? If no, then why not? (2pts).

Past international theories of explaining international trade help to understand the trade policies of today because they were the foundation of liberalizing trade, the updated theory is called the neoliberal economic paradigm. As the following paragraph explains:

Liberalizing trade has necessitated a new theoretical framework that I call the neoliberal economic paradigm, This framework, based in part on eighteenth-century neoclassical economic theories of free markets and free trade, has now been revised and modified to generate support for market-liberalizing initiatives on an international basis. The model dominates policy-making; its ideas have a powerful hold on the way Americans think about trade policy issues. Yet today, scholars and activists concerned about the consequences of policies based on this approach are beginning to question not only the theoretical validity but also the usefulness in guiding the global exchange of goods and services (Rosen, 2002, par.2, p.13).

That means besides past theories being a foundation for free trade ideals, the ideas are being questioned for their usefulness since many problems have appeared since free trade has been set between nations. One of the consequences is the dissemination of sweatshops and the loss of American jobs to other low-cost producing countries. At least to contain Communism it seems to have worked as even Communist China had to adhere to Capitalism ideals and open their economy eventually to leave the poverty level. President Clinton was important in this process of favoring trade with China and the creation of the World Trade Organization (WTO).

- b. What is GATT? Explain in your own words. How has or would it ensure world peace? Has it worked? (2 pts).

GATT is the acronym for General Agreement on Tariffs and Trade an agreement of international trade cooperations between countries signed in 1947 that lasted until 1994, followed by the current World Trade Organization (WTO). The GATT agreement was set to ensure world peace after WWII, “The United States wanted a ‘Pax Americana’ in which ‘the establishment of liberal trading system and the attainment of an expanding economy would be the central theme” (Rosen, 2002, par.2, p.14). The agreement oversaw

the rules of international trade, requiring all nations to be treated equally in the exchange of goods, “Now for the first time in history tariffs on textiles, apparels, and other products made in labor-intensive industries were significantly reduced” (Rosen, 2002, par.2, p.15). The agreement worked in maintaining the US as the leading World power and economy, besides the Cold War it helped to contain Communism and helped countries like Japan, Taiwan, and South Korea to become First World economies, but as nothing is perfect labor-intensive and trade-sensitive industries like the apparel and textile had to adjust to remain competitive and turn large profits for the investors and corporations, “they soon began to displace American-made goods” (Rosen, 2002, par. 4, p.15). one of the consequences of the GATT, an update in global production didn’t occur until 1970’s Reagan administration when there was a restructuration os U.S. Corporations occurred. Has mainted the world peace? No, ukraine and russia, afeganistan and etc

- c. Rosen explains on page 20 paragraph (1) and on page 22 paragraph (1) that global trade does not always enrich developing countries but rather leaves them impoverished. Is this true? Is global trade beneficial to developing countries? Defend your answer. (2 pts).

Rosen mentions that “in many cases, the new forms of global exchanges in textiles and apparel do not enrich all parts involved in this trade” (Rosen, 2022, par.1, p.20), in some cases like Japan, South Korea, and Hong Kong global trade did help their economies after WWII but more recently we have not seen much wealth from countries that have sweatshops like Nepal, India, etc but China did become a superpower after they opened their economy to free trade. So in my opinion, global trade can enrich developing countries if the local government uses the opportunity. Corruption is the biggest enemy of developing countries, not global trade. China might be an exception because corruption is treated with the death penalty. The Guardian article reveals how ruthlessly corrupts are treated in the country:

According to Amnesty International, China executes more people that any other country. Beijing does not disclose death penalty figures, but is believed to put to death thousands of people a year for crimes including non-violent offences such as drugs and corruption (Davidson, 2021).

Rosen argues that the World Bank and the International Monetary Fund have set “unequal terms of trade, leading to impoverishment, not the enrichment of developing countries” (Rosen, 2002, par. 1, p.22). Unequal terms might not be the only reason for impoverishment as I mentioned above. The developing countries need to enforce labor laws to avoid poor work conditions and economic plans to use the new money coming in to grow a healthy economy, the poorest should not pay the price.

- d. Historically, why is the apparel industry considered a “woman’s field”? Is this conception of being a “woman’s field of labor” true today? How does Rosen describe women as they are thought of in the apparel industry? Is this a fair classification of women? (2 pts)

In the chapter 2 Rosen (2002) describes women during the Middle Ages as labeled as less skilled (par.1, p.23). In the nineteenth century women were the preferred choice for apparel production, Rosen explain “ The segregation of women in low wage industrial productions has been traditionally by defining the work women do as rooted in their biological, anatomical, and psychological nature-‘for example their small hands, their lesser intelligence, which presumaly makes them unable to master more complex industrial skills’” (Rosen, 2002, par.1, p.24). That is the ancient mentality behind the “woman’s field” definition. In that way we could also say that women were probably made to be in command and men to do the heavy work. Today this mentality is outdated and women can be airplane pilots, or whatever they decide to be, but to this day women still fight for equal pay, as the following quote summarizes ““Apparel is assembled not at market wagesbut at women’s wages, set at varying percentages of whats is defined as a man’s wage”(Rosen, 2002, par.3, p.25), even in Hollywood this gender wage problem have been found beetween leading actors in the same movie. The truth is women never had a better time than today to base upon.

e. What is significant about export zoning? Defend your answer. (2 pts).

It is significant that 90% of the workforce in Exports Zones are women (Rosen, 2002, par.1, p.26), women working in slave-like conditions, without the quality of life, fair pay, healthcare, etc. The retrocession is evident, just like sweatshops disappeared for 40 years in the US and reappeared later, women's work conditions are something that has to be fought for consistently or we go back to how it was previously. A study by Cirera and Lakshman explains:

The results of synthesizing 59 studies suggest that there is no robust evidence that the employment created in the zones is additional. Also, in most cases, EPZs pay higher wages and do not contribute to increasing the gender wage gap. The results regarding labor conditions such as health and safety, unionization, or hours worked are mixed when compared with firms outside the EPZ. (Cirera & Lakshman, 2017)

That means there are so many women suffering for a big company to profit and that’s mostly not even making a difference in the country’s economy. The article Winners and Losers mentions a polemic quote “Outsourcing is just a new way of doing international trade...More things are tradable than they were in the past and that is a good thing.” Since we are no longer in the Cold War trying to avoid Communism from spreading, the US should stop outsourcing and trading with countries that have not enforced US work labor parameters.

References

- Cassidy, J. (2004, July 26). Winners and losers. *The New Yorker*. Retrieved February 15, 2022, from <http://www.newyorker.com/magazine/2004/08/02/winners-and-losers>
- Cirera, X., & Lakshman, R. (2017). The impact of export processing zones on employment, wages and labour conditions in developing countries: systematic review. *Journal of development effectiveness*, 9(3), 344–360.
<https://doi.org/10.1080/19439342.2017.1309448>
- Davidson, H. (2021, January 5). China sentences top banker to death for corruption and bigamy. *The Guardian*. Retrieved February 15, 2022, from <https://www.theguardian.com/world/2021/jan/05/china-sentences-top-banker-to-death-for-corruption-and-bigamy>
- Rosen, E. I. (2002). *The Globalization of the U.S. Apparel Industry: Making Sweatshops*. University of California Press.