

**Quiz 4**  
**Dr. Adomaitis**

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

GATT was an agreement signed between capitalistic countries that oversaw tariffs and other rules for trading after WW2. The General Agreement on Tariffs and Trade, came after the Marshall Plan as the countries had first to be part of the recovery and become highly industrialized to be able to trade. US was the only country who's infrastructure was not destroyed during the war, the war was mostly fought in Europe and some Asian countries. It was harder to introduce the GATT standards to European countries because their background was different from the colonial Asian countries, "encouraging the import of low-wage products from nonindustrialized, underdeveloped, poor, low-wage countries represented a different type of economic relationship than did trading with a industrialized Europe "(Rosen, 2002, par.1, p.57) the European countries were already developed nations before the war, they just needed the Marshall Plan which the purpose was to rebuild, finance Europe's reconstruction. U.S. was looking for new markets to sell products to and the Marshall plan was helping to create those markets for exports while the GATT was setting the rules of trade.

- 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)

That means so that European countries were not as competitive on low prices because their prices didn't depend on low-wage labor. To think that GATT wasn't as efficient with Europe than it was with Asia is deeply connected with the Colonial mindset, European were the colonizers at first, it seemed to be simply a mindset that they did not want to enslave its own people on labor intensive work, they wanted to rebuild to be on the same trade level as the US. The quote in question is basically saying Europeans wouldn't accept the same deals as poor countries who needed. In class we have recently discussed colonial economic relations in the last two chapter as many of the poor Asian countries were actually colonies of European countries, the only Asian colonizer was Japan but as they lost the war and were being administrated

by the US they did not have much of an option. Besides that, Vietnam was colonized by the French, India and Hong Kong by the British, Indonesia by the Netherlands and so on; “At the end of the 1950’s as the British market became less accessible to Hong Kong producers, they too turned their textile and apparel industries to producing fashion-oriented apparel for export to the United States”(Rosen, 2002.par.3,p.50), so Hong Kong was leaving behind a past of colonization to trading with the US, turning into a developed economy and standing on its own feet, it was different than trading with Europe.

- 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 constitution gave the Congress power to control tariffs prior to 1934, “local businessman could appeal directly to their congressional representatives to support their trade interests”(Rosen, 2002, par.3, p.57). That was overturned when in 1934 the Congress made the president, at that time President Roosevelt, responsible for setting tariffs. According to the textbook, the 1930 Hawley-Smoot Tariff corruption scandal made the U.S. lose credibility “Other countries retaliated, raising their own tariffs to U.S. exports. The dramatic reduction in world trade that followed clearly contributed to the economic isolationism that bred the depression and World War II”(Rosen, 2002, par.1, p.58), so the corruption scandal created a precedent for the change into who has the power to set the tariffs in the country.

- 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 Congressmen who favored protectionism a trade policy? (2pts)

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