

**Technology Entrepreneurship: HDCS 4370**  
**Quiz #3: The Introduction**  
**Dr. Adomaitis**

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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. Why did the United States assist Japan in rebuilding their country after WWII in 1945? What was the role of the Supreme Commander of the Allied forces (SCAP) in Japanese reconstruction? (2pts).

After World War II, there was a narrative regarding the liberalization of trade. The post war textiles and apparel trade made it so United States defeat the Japanese. In 1945, Japan became monopolized by the American military given direction by General Douglass MacArthur, he was the Supreme Commander of Allied Powers also known as SCAP. “The occupation was to last until 1952” (Rosen, 2002, Pg. 27, Par. 1). The takeover lasted until 1952. Unlike the European reconstruction, the Japanese reconstruction was under the control and authority of the U.S. military. This act was on behalf of the U.S. Department of the State and was accountable on the American president. The reason for the takeover on Japan was to give permission to the United States to oversee the reconstruction of the Japanese political system, the self-ruling of its national society and its industrial reconstruction. There were no other allied participants.

A significant part of SCAP’s mission on Japanese territory was to organize the population and materials to revamp the country’s industrial production and find demand for the new manufactured goods. “MacArthur initially had a free hand in directing the process of Japanese reindustrialization until 1947, when the State Department began to intervene more directly” (Rosen, 2002, Pg. 27, Par. 2). The effort taken by SCAP to rebuild the Japanese industry included the reconstruction of the country’s prewar textile industry. “The objective was to help Japan produce textiles for export that would generate foreign exchange to pay for what were then desperately needed imports” (Rosen, 2002, Pg. 27, Par. 2). Exporting textiles played a huge role in the industrialization of Japan in the late nineteenth and early twentieth century.

- b. How did Japan become an exporter of cotton textiles? Why was there a conflict about textiles production in Japan? Defend your answer with citations from the book. (2 pts).

The country of Japan is about the size of California with very few natural resources. Textiles were considered the most valuable industrial product to come out of Japan since before World War II. This earned some countries a large part of their foreign exchange. “The United States made efforts to encourage Asian countries to sell low-cost materials like cotton to Japan” (Rosen, 2002, Pg. 30, Par. 2). Although, many Southeast Asian countries had been colonies of Japan before the war and suffered exploitation economically and politically Japan was enriched with expenses. “These countries had been forced into trade relationships that made them exporters of raw materials and importers of high-cost Japanese manufactured goods” (Rosen, 2002, Pg. 30, Par. 2). Although there was still trade between Southeast Asia and Japan, majority of the former trade partners were too underprivileged to expand the trade with Japan after the war.

From America, raw cotton was available but the Japanese did not have the money to finance the imports necessary for the country’s textile reconstruction. “Textile production was essential for maintaining a balance of payments between the United States and Japan” (Rosen, 2002, Pg. 30, Par. 3). The textile trade was reestablished but not left to demand forces but was managed by SCAP and the U.S. War Department. It was then decided that the United States would pay for its own supplies of cotton to the Japanese. In the summer of 1946, SCAP was overseeing the first few shipments of the raw cotton coming from America to Japan which were funded by the U.S, government loans.

- c. What did communism have to do with U.S. trade policy with Japan? China? (2pts)

During the beginning of the Cold War in Eastern Asia, the American political agenda changed. Before the defeat of the Chinese Nationalist and their pullout to Formosa in 1947, the weakness and sinfulness of the Nationalists gave the Communist security in China. “As the Communist gained strength in China and left-wing insurgencies began to appear in the region, America saw a new threat to its control of the Asian-Pacific Rim” (Rosen, 2002, Pg. 32, Par. 1). By 1945, Chiang Kai-shek had America’s support against Maoist communism. Unfortunately, the rapid success of the Chinese communists led the State Department to question this decision and strategy. Before the Nationalist was defeated by Mao and the United States parted with China, the State Department began to be interested in Japan’s political, economic and military security.

It became the State Department’s goal to quickly link Japan’s polity and economy with the West. “At the beginning of the occupation, SCAP, under MacArthur’s leadership, had been given a relatively free hand on directing Japan’s recovery” (Rosen,

2002, Pg. 33, Par. 1). By 1947, the communist began to take over China, MacArthur leadership was questioned as it relates to Japan's recovery, the navigation of his efforts to promote democracy and to stop the prewar industrial cartels. The defeat of Japan was the result of the country's failed militarism and a negative response to Japan's prewar. MacArthur hoped to rebuild Japan's industrial structure and civil society.

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- d. Give two (2) reasons why the US had difficulty with finding trading partners for Japan's textile exports?

The U.S. had trouble with finding trading partners because only countries with dollars which means countries strategically important to the American policy goals could buy Japanese textiles. This is because America has financed the import of raw materials with dollar loans. "With the largest supply of dollars in the postwar world, it made sense for the United States to buy Japanese textiles and urge other countries with dollars to open their markets to Japanese textiles" (Rosen, 2002, Pg. 36, Par. 1). The United States braced itself to buy cotton textiles created in Japan and became the world advocate for reciprocal trade.

Before World War II, nearly forty percent of Japan's textile exports were sold to British India, Korea, Egypt and other markets in Southeast Asia. "... after the war, Japan's former colonies in Southeast Asia could not or would not purchase Japanese manufacturers; some were too poor to do so" (Rosen, 2002, Pg. 36, Par. 2). The per capita annual income was under one hundred dollars to \$220 for all countries of East Asia to Japan in 1955. Many of these countries also had access to American foreign aid which allowed them to continue with their own industrialization.

- e. What were Hong Kong, South Korea, and Taiwan's role in textile trade in the East?

South Korea or Taiwan was never taken over by the United States like Japan. After World War II it was the U.S. who provided major financial and economic support for South Korea's and Taiwan's military efforts and funding for their industrial revitalization. This happened for newly independent colonies like Hong Kong, Malaysia and the Philippines. "This support was designed to link these nations to the Japanese "workshop" and thereby to Western-dominated, free-world networks of trade and investments" (Rosen, 2002, Pg. 43, Par. 2). Taiwan and Korea were involved historically and politically through conquest and trade with China and Japan.

