

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

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. 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)

While the first act of trade liberalization of America happened in the Far East; the second act occurred in Latin America. Some of the countries include Nicaragua, Haiti, Guatemala, Honduras, Costa Rica, Belize, Panama and Grenada. “U.S. apparel manufacturers had begun to produce apparel in some of the Caribbean and Central American countries and in Mexico in the 1970’s, but Reagan’s Caribbean Basin Initiatives, the first in 1983 and particularly the second in 1986, dramatically accelerated the growth of assembly operations in the Caribbean and Central America” (Rosen, 2002, pg. 129, par. 1). The Caribbean Basin Economic Recovery Act, a newly established trade and investment program created to promote regional political stability and economic development and to monitor the spread of Soviet-Cuban influence in Latin and North America. Apparel and textiles became a part of the anticommunist strategy once more.

The economic relationship between the United States and Latin America have historically involved trade and investment ritual where Latin America has had some issues economically, while creating goods for export to the U.S., raw materials such as sugar, coffee, tin and minerals. “The United States, in turn, has exported capital to the region and in exchange for commodities, manufactured goods” (Rosen, 2002, pg. 130, par. 2). This aided the dependence of Latin American nations economically and politically against the economy of the government of the United States. Latin America supplied the United States with crude oil, petroleum products, bauxite and bananas. By the late 1970’s the price of sugar dropped and oil prices increased; the United states dealt with the Crisis by placing quotas on coffee, sugar, petroleum and bauxite imports.

- 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)

In Central America, the balance of trade of was off and triggered massive borrowing between countries. As the region's cash exports declined, many countries were drained of their income and that lead to people experiencing poverty and unemployment. The Reagan administration had stepped up with the pro-American support of Central America. "Total aid to Central America grew from \$194.2 million in 1980 to \$1.2 billion in 1985" (Rosen, 2002, pg. 131, par. 2). By 1983, the American military reached its highest level of involvement since World War II.

Just like in the 1950's and 1960's, military support was coincided by foreign aid in Japan and Europe and other underdeveloped countries around East Asia. This was put in place to prevent being overthrown by communist and preserve the interest of America politically and economically. "The U.S. government provided about 16.8 billion in bilateral aid between 1980 and 1992, given largely to selected countries of Central America and the Caribbean for military aid, balance of payments aid and aid for economic development" (Rosen, 2002, pg. 132, par. 1). During the postwar period, many funding programs were established. The USAID created a program called Private Business Initiative based out of Latin America.

- 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)

Example one: "Prebisch and his followers insisted that the terms of trade and investment in contemporary world were stacked in favor of the developed industrial nations of the "center" as against the developing nations of the "periphery". Their strategy therefore included emphasis on economic diversification and import substitution industrialization for the sake of greater economic autonomy" (Latin America since the mid-20th century, 2017).

Example two: "A somewhat analogous regime was devised in Columbia as a means of restoring civilian constitutional rule after a brief relapse in the mid 1950's into military dictatorship; the dominant Liberal and Conservative parties chose to bury the hatchet, creating a bipartisan coalition whereby they shared power equally between themselves while formally shutting down any minor parties" (Latin America since the mid-20th century, 2017).

One believes one was asked to research outside examples just to see what other sources had to say about the economic and political affairs that happened in Latin America during the mid 20th century. One assumes Zee also wanted to see what relevant information we can find that matches up to the chapter in the Rosen text. One believes it's relevant to the chapter because it discussed the foreign policy that happens during Reagan's administration. Latin America had some financial woes that caused them to be dependent on the United States.

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 is defined as a new trade investment program that was created to promote economic development and political stability and to monitor the spread of Soviet-Cuban influences. Their trade agenda was created to promote region restructuring trade investment association with the United States. "The United States had a large trade deficit in the early 1980's and the CBI nations were among the few with which it had a trade surplus" (Rosen, 2002, pg. 133, par. 2). Brought into effect by Congress, the CBI was designed to maintain and expand surplus by backing the growth of newly established exports in lieu of raw materials.

The CBI was created to restructure the fixed trade, investment and financial connection between selected countries in the Caribbean, Central America and the United States. "With the launch of the CBI, the Reagan administration ordered U.S. agencies to create programs to sell and promote new business opportunities in the Caribbean" (Rosen, 2002, pg. 134, par. 3). An Interagency Task Force was established to be honored by the U.S. Trade Representative. The Department of Agriculture was entered in formation of the Agribusiness Promotion Council, made up of about three hundred agribusiness private leaders whose objective was to promote American investment in the Caribbean Basin.

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



Reference

(2017). The History of Latin America in the mid-20th Century. Retrieved from. <https://www.britannica.com/place/Latin-America/Impact-of-the-Cuban-Revolution>