**Fashion Economics: FM 4339**

**Quiz #3: The Introduction**

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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.

1. 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).

Following World War II, the United States extended aid to Japan to facilitate its post-war reconstruction. The devastating aftermath of the nuclear bombings in Hiroshima and Nagasaki left Japan in ruins, prompting the U.S. to support its recovery efforts. Seeking to forge an alliance and prevent the recurrence of global conflict, the United States also aimed to deter Japan from embracing communism amid the escalating Cold War tensions. Supreme Commander General Douglas MacArthur played a pivotal role in overseeing the U.S. military occupation of Japan. As noted by Rosen, a key objective of the Supreme Commander of the Allied Powers (SCAP) was to coordinate efforts to rejuvenate Japan's industrial sector and establish markets for its newly manufactured goods (Rosen, E. I. 2002, p27).The purpose of this operation was to make Japan produce textiles to export so they can gain foreign currency, this would allow Japan to advance industrially due to being paid for all their textile exports.

1. 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).

 Following World War II, Japan transitioned into becoming an exporter of cotton textiles with assistance from the United States, which supplied Japan with cotton to reinvigorate its textile industry. Before the war, textiles had been a cornerstone of Japan's industrial output since the early 19th century. However, by late 1937, cotton had contributed minimally to Japan's foreign exchange reserves, leading to tensions surrounding textile production. Rosen highlights that the United States endeavored to persuade Asian nations to supply raw materials like cotton to Japan. Nevertheless, many Southeast Asian countries, formerly Japanese colonies, had endured economic and political exploitation, enriching Japan at their expense (Rosen, 2002, pg30, Pr.2). Consequently, the United States decided to finance the sale of its raw cotton supplies to Japan, bypassing market forces and entrusting the management of the textile trade to SCAP and the United States (Rosen, 2002, pg30, Pr.1). This caused conflict because before the war Japan traded with textiles with other Asian countries and these trades were seen unfair where only Japan would profit, due to this reason the US was the only place Japan could get textiles from.

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

 The rise of Communism, particularly in Mao's China, shaped U.S. trade policies toward Japan. The United States aimed to uphold its democratic influence in the Pacific amid the increasing traction of Communism. Japan was viewed as pivotal in establishing a new free trade network in the region, necessitating both rapid economic growth and political stability. According to Rosen, this strategic approach aimed to anchor Japan as a beacon of Western capitalism and democracy in the Pacific. Thus, U.S. trade policies with Japan were intricately linked to broader geopolitical considerations during that period. This emphasis underscored the importance of Japan's role in countering the spread of Communism in the Pacific (Rosen, 2002, pg 30, pr 3).Communism was a threat to the relationship the US had with China and is what led them to have closer relations with Japan.. Communism also threatened the US involement with China due to the Soviet Union also having control over China. Communism simply threatened how much involvment and or control the US con have with China trade.

**Rosen, E. I. (2002). The Globalization of the U.S. Apparel Industry:**

**Making Sweatshops. University of California Press. (cont.)**

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

 Before the war, Japan engaged in trade with numerous Southeast Asian countries, but these transactions were economically and politically disadvantageous, primarily favoring Japan and leaving the other nations at a loss (Rosen, E. I. 2002, p30). Additionally, the Southeast Asian countries lacked the economic resources to export textiles to Japan, further exacerbating the trade imbalance. Consequently, Japan's trade practices rendered it unreliable and costly as a trading partner, prompting other nations to seek alternative trade routes, such as with China, for cotton, which was more convenient and cost-effective (Rosen, E. I. 2002, p36). As highlighted on page 36, the per capita annual income for East Asian countries in 1955 was significantly lower than that of Japan, averaging under $100 compared to Japan's $220. Furthermore, many of these countries had access to U.S. foreign aid, further complicating trade dynamics (Rosen, E. I. 2002, p36).

 The United States struggled to find trade partners for Japan's textile exports due to two main reasons. Firstly, the State Department actively tried to halt trade between China and Japan, leading to a trade embargo in 1951. Secondly, there was a challenge in selling Japanese textiles in areas that used sterling currency while still paying for American cotton in dollars. Only countries with access to dollars, including the United States and those aligned with its policy goals, could buy Japanese textiles under these circumstances. This difficulty underscored the complexities of international trade relationships during that time.

1. What were Hong Kong, South Korea, and Taiwan’s role in textile trade in the East?

  Hong Kong, South Korea, and Taiwan were closely tied to Japan's industrial system and connected to Western trade networks. Their involvement in export-led industrialization laid the foundation for globalization in the U.S. apparel industry, according to Rosen. These nations have also collaborated with the United States in military interventions to defend against communist threats. This interconnection underscores the strategic and economic ties between these countries and the West. (Rosen, E. I. 2002, p43).

**References**

Rosen, E. I. (2002). *Making sweatshops the globalization of the U.S. apparel industry*. University of California Press.