

Fashion Economics: FM 4339
Quiz #3: The Introduction
Dr. Adomaitis

Name: Giselle Leon

- 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 WWII, the United States observed how the country of Japan needed stabilizations, support, leadership, and assistance within their nation. The U.S. saw it as a gateway to offer their help, as Japan would possibly encounter the influence of the Soviet Union in the future. Japan was recuperating from the war and needed economic and political guidance. The Japanese reconstruction took place under the direct authority of the American military. The purpose of the occupation was to permit the United States to oversee the restructuring of Japan's political system and the democratization of its civil society (Rosen, 2002, p.27, par. 1). The U.S. saw it as a way to create a stronger ally in East Asia which could then act as a wall, minimizing the expansion of communism—the U.S. wanted to prevent the spread of communism in Asia, especially after the war—and hopefully promote peace.

The role of the Supreme Commander of the Allied Power (SCAP) in the Japanese reconstruction was to assist in Japan's pre war textile industry. The occupation lasted until 1952, as their objective was to help Japan produce textiles for export that would help generate foreign exchange, helping to pay for what desperately-needed imports. The Japanese industrialization was best known for its textiles exports, as it played a huge part in the reconstruction of the country (Rosen, 2002, p.27, par. 3). The SCAP occupied the authorities of land that needed reforms, as they worked on creating more of an educational system to promote democratic values and removing militaristic influences. Technology continues to advance in the country, as a result of the expanding prominence of media, with the U.S. attempting to control media content and eliminate elements that might contribute to the resurgence of militarism.

- 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).**

Japan became an exporter of cotton textiles during the Meiji Restoration, which occurred in the 19th century. The country was focused on modernizing its economic, political, and social relationships around the globe. The Meiji government became a pivotal part in making the cotton textiles industry a major export industry, as a means

to strengthen the country and catch up with Western powers. William H. Draper was appointed to promote the new Japanese textile industry. He secured congressional approval to use foreign aid and finance the sale of raw cotton to Japan. He organized a new textile mission to Japan primarily composed of American bankers, businessmen, and financiers to “study” the feasibility of rebuilding the country’s textile industry (Rosen, 2002, p. 34, par. 3). As Japan imported Western machinery and technology that incorporated new methods of producing textiles, such as modern spinning and weaving machinery, production efficiency significantly increased production efficiency.

As technology continued to advance, the shift of traditional handcraft-based products to modern factory-based production led to a significant turnover in sectors that faced unemployment or the reduction of income, both of which began affecting families financially. The loss of Japan's prewar exports threw Japanese producers back into the U.S. and European markets, except for silk—the Western industrialized nations of the world had been larger buyers of Japanese textiles. In the 1930s, the United States and European cotton-textile manufacturing countries decided to raise their textiles tariff to ensure the health of their own textile and apparel producers against low-wage competitors. Although the U.S. closely observed the tariffs, they failed to keep Japanese imports down to a level that the U.S. producers considered acceptable in the trade (Rosen, 2002, p. 36, par. 3). As factories began to develop, they started having labor-related conflicts, such as harsh working conditions, long hours, and low wages in the early stages of industrialization. This became very crucial in the country, as the industrialization process in Japan led to dividing areas between rural and urban. Many traditional rural communities faced challenges, as people moved to urban centers that offered job opportunities, which in turn brought social tensions and conflicts.

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

The U.S. played a significant role in the reformation of Japan as their goal was to build a strong and stable ally in the region that could resist communist influence. The U.S. saw Japan as a strategic partnership in the Asia-Pacific region by being less susceptible to communist influence and contributing to regional stability. The U.S. made efforts to encourage Asian countries to sell low-cost raw materials like cotton to Japan. Although many Southeast Asian countries had been Japanese colonies, they were forced into trade relationships that made them exporters of raw materials and importers of high-cost Japanese manufactured goods (Rosen, 2002, p. 30, par. 2). Japan was to become the hub of the new free world and a free-trade network in the region, requiring rapid economic growth and political stability (Rosen, 2002, p. 33, par. 4). The economic engagement between the U.S. and Japan created an alignment

that would ensure the Western bloc during the Cold War. It also created a secure access to the Japanese markets and resources.

After the Cold War, the United States maintained a policy of containment against the spread of communism, focusing on the conditions of the Soviet Union. Pre-war, the U.S. had limited economic and trade ties with China, as there were tensions before the war. The U.S. wanted to create peaceful coexistence between trade relations and ensure that both regions would profit to its own benefits. China's economic growth happened rapidly, as the country embraced economic reforms and opened up to the global economy. The American foreign policy was primarily aimed at thwarting the industrial growth and political power of "Red China," the territories that were held by communist during the Chinese Civil War. By creating the ability to influence left-wing insurgencies in Asia, it was necessary to build a Japanese "workshop" in Asia (Rosen, 2002, p. 36, par. 4). The state department tried to weaken the Japanese trade with China and at the same time reorient the Japanese trade with capitalist-learning countries in the Southern Asian and Western. Concerns grew in the U.S. over issues such as intellectual property theft, unfair trade practices, and human rights violations. Meanwhile, the Chinese government's continued adherence to the single-party communist system further complicated the relationship.

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

The U.S. had difficulties with finding trading partners for Japan's textile exports, as goods arriving from overseas were being taxed. After World War II, the U.S. had implemented protection measures for the safety of its domestic industries. These measures included tariffs, quotas, and other trade barriers aimed at protecting American businesses from foreign competition. American textile producers were anxious to help Japan rebuild their textile industry and unaware that they might have to compete with low-wage imports. The American Cotton Manufacturers Institute (ACMI), the U.S. cotton textile manufacture trade organization, had changed its position and were no longer supporting the rebuilding of Japan's textile industry (Rosen, 2002, p. 40, par. 4). The competition continued to arise in the textile export industry as the price and quality of the products faced restrictions and barriers when attempting to enter the U.S. market. The trade became more than just raw materials, and expanded to a larger audience with machinery, nuclear reactors, boilers, and textiles. Japan's biggest trade is between the U.S. and China, as both countries became the roots of the reformation of the nation. The U.S. has continued to serve as central to Japan's security, maintains bases in Japan, and remains committed to defending the country.

Another reason why it was difficult for the U.S to find trading partners for the Japanese textile exports was the strategic trade policies keeping a balance between the trades and safeguarding the economic interest of the country. These policies involved negotiating with specific trading partners and strategic decisions regarding the type of goods that the U.S. sought to promote and protect. The U.S. strategy may not be aligned, so the country of Japan needs to create a stable economy and trade system on its own. China and Japan have had a history in the years of war, peace, and the historical conflict between the Asian trade markets. And both countries experienced the isolationism that was motivated by their desire to prevent foreign influences from undermining their values and society.

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

Hong Kong used their location to their advantage as a well-established infrastructure, and its business-friendly environment made it an ideal center for textile trade. They are known as the Four Asian Tigers by their high-growth economies and fueled by exports and rapid industrialization. They share common characteristics, including a sharp focus on exports, an educated populace, and high savings rates. Many Hong Kong-based companies engaged in trading and acted as intermediaries between manufacturers and international markets. Economic development in this region may have had less to do with free trade and the elimination of distortions in the economy than neoclassical economists might believe (Rosen, 2002, p. 46, par. 1). The Taiwanese government actively promoted the development of the textile industry and provided support for export-oriented businesses. As they also became a notable player for their production of synthetic fiber, such as nylon and polyester. This added diversity into the textile industry creating a market of success in the global textile trade.

References:

Rosen, E. I. (2002). *The Globalization of the U. S. Apparel Industry: Making Sweatshops*. University of California Press; Los Angeles, CA.