

**Technology Entrepreneurship: HDCS 4370**  
**Quiz #4: The Introduction**  
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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 the General Agreement on Tariffs and Trade. It was a multilateral trade agreement that was effective between the countries of Europe, America, and East Asia between 1947 and 1994. They believed that reducing barriers, such as tariffs and quotas, would help promote international trade as it aimed to decrease and eliminate tariffs on goods traded between countries. This helped lower the cost of imported goods, making it more accessible and affordable for the exchange. It provided a framework that helped the United States open its markets to import goods from Europe (Rose, 2002, p. 56, par. 2). GATT also provided a platform for negotiations among member countries to address trade issues and make agreements on tariff reductions and other trade-related matters, as it helped prevent discrimination among trade practices.

The GATT goal was to link nations in strategic alliances through reciprocally reduced tariffs by lowering the barriers to liberalizing trade and preventing the emergence of protectionist policies. It helped provide a stable, predictable trading environment. As new countries became industrialized and competitive, GATT became an outlet for negotiating under the new most-favored-nation rule among member states (Rosen, p. 56, par. 3). As opposed to Marshall's Plan, which was designed to provide financial assistance to help rebuild the economies of the European countries. The primary goal was to prevent the spread of communism and promote economic stability and recovery in Western Europe.

- 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)**

Rosen's statement about trade between countries meant that this allows countries to anticipate higher total outputs and level their trade consumption, creating a domestic continuation of trade as foreign trade increases the number of markets available to companies and possible partnerships. It also helps enhance product production and sales processes locally and internationally. Trade agreements were designed to eliminate trade

barriers and encourage importing low-wage products from non-industrialized, underdeveloped, poor, and low-wage countries that represent a different kind of trade.

History has been taught that colonial economic relations are the financial ties and interactions between colonizing powers and the territories they colonized. Many colonial powers took control by the use of force of labor and slavery, as it was widespread throughout the nations. The Indigenous populations were often forced labor, as enslaved Africans were brought in to work on plantations and in mines. Colonies were seen as a source of wealth, and trade policies were designed to ensure the colonizing country's favorable trade balance. They established certain types of trade through monopolies to colonize their power.

**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 United States originally granted the power control of the tariffs to the Congress by the Constitution but throughout time, laws, agreements, and changes have been made to create a more organized developed trade.

The Constitution grants power to the United States to regulate commerce, including the authority to impose tariffs, to Congress. The Reciprocal Trade Agreements Act (RTAA) allowed the President of the United States the authority to negotiate and enter into reciprocal trade agreements with other countries. The percentage of tariff concessions continued to increase. By 1945, the United States had entered into thirty-two bilateral trade agreements with twenty-seven countries (Rosen, 2002, p. 58, par. 2). The act allows the President to have control and make decisions about lowering or rising tariffs within certain limits.

There was a control shift in control of the tariffs because, before 1934, local business people could appeal directly to their congressional representation by supporting their trade interests. This allowed the congressional representatives to introduce bills to increase tariffs for imports that were seen as competing with those producing goods domestically (Rosen, 2002, p. 58, par. 3). The change was needed to stabilize the trade policy, such as high tariffs, as they contributed to a decline in international trade and exacerbated economic hardships. The policymakers sought the act as a more flexible and cooperative approach to global trade.

**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 Congressman who favored protectionism a trade policy? (2pts)**

The defeat of the French at Dien Bien Phu was a significant military engagement in 1954 during the First Indochina War. Dien Bien Phu was a remote valley in northwest Vietnam, near the border with Laos, it is where the French were able to establish a fortified garrison to interdict Viet Minh Supply lines. This action brought an end to French colonial rule in Vietnam.

As the fall of Dien Bien Phu, tension arose throughout the region as many concerns about regional instability were being questioned. The United States became committed to countering communist nationalists in Indochina as it became the battle that convinced the French that they were defeated to leave Vietnam in the Indochina War. This contributed to the growing fears of the West of the spread of communism in Southeast Asia. This motivated the United States to begin providing economic, military sources, and advisory assistance to the government of South Vietnam to prevent the communist forces from taking control of the entire country. The war also influenced the U.S. to adopt a more interventionist stance in its global strategy to contain the spread of communism.

Protectionism is a favored policy within trade as it gives job protection as its desire is to protect domestic industries and jobs from foreign competition. They believe imposing tariffs or trade barriers will prevent outsourcing and help maintain or create new jobs within their country. It also allows fair trade practices to avoid false accusations of currency manipulation, intellectual property theft, or other trade violations that may disadvantage the industry. Both the GATT and the RTA were created to allow for the inclusion of language and practices designed to protect industries like textiles from “unfair competition” (Rosen, 2002, p. 67, par. 1). As protectionism has become beneficial to the local economy or as addressing the concerns of voters, lawmakers may support it to gain political support.

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

Kennedy's Tripartite compromise was creating quotas for East Asian imports by negotiating with countries exporting textiles and apparel to the United States. President Kennedy negotiated the one-year Short Term Arrangement in 1961 as it became the Long-Term Arrangement (LTA) (Rosen, 2002, p. 73, par. 3). Countries who enter into bilateral or multilateral trade agreements to regulate their commercial relationships. The agreement covers various aspects such as trade, including tariffs, quotas, intellectual property rights, and other trade-related issues. It provided stability to the trade by adapting to the economic conditions and by the government seeking to find balance in the interests of the domestic industry, consumers, and overall the economic stability when negotiating such agreements.

Kennedy's Tripartite compromise benefited the textile industry in the U.S. by protecting the domestic textile industry from an influx of cheap foreign goods. By maintaining the level playing field for the domestic producers, preventing them from being outcompeted by the low-cost imports. It has helped preserve jobs in the industry as the risk of job losses have increased as it is a competition from other countries that offer lower production costs. The transformation in U.S. trade policy-making would no longer require renewing the Reciprocal Trade Act every three years; as the administrations could pursue further trade liberalization as part of the foreign policy-making in the national interest (Rose, 2002, p. 75, par.1). It gives the stability that the industry needs as knowing the limits on imported goods allows them to plan their production, investments, and workforce more effectively.

References:

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