

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

The “second act” of trade liberalization took place in Latin America as selected countries in the Caribbean, Central America, and later Mexico (Rosen, 2002, pg. 129, p. 1). Each embarked on significant economic reforms in 1986, as a created a dramatic growth. It created economical expansion and improved living standards. The U.S textile and apparel industries had to agree with the expansion as it would have affected the efforts to build the textile industries in Japan and the Network Interference Card (NIC) by new industrialized countries in the postwar period.

Throughout the different changes in administration and legislations, by the 1980s the textile and apparel industries were beginning to affect the Reagan economical strategy for the country as the new offshore option in Latin America (Rosen, 2002, pg. 129, p. 2). As Reagan entered the presidency, he saw a new communist threat in the Caribbean and Central America as he supported military intervention against the left-wing insurgents to his relations with other countries. He created the Caribbean Basin Economic Recovery Act, as a new trade and investment program designed to promote economic development and political stability in the region and to limit the spread of the Soviet-Cuban influence in the Americas (Rosen, 2002, pg. 129, p. 3). These countries were filled with instability, crime, corruption and violence and the US partnering in trade with them gave them more resources and promoted economic development to stabilize the economical issues. The US was able to develop a stronger partnership by commercial possibilities and guiding these countries not to turn to communists for help.

- 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)**

As the US continued to promote economic growth and stability, they employed a combination of military support and foreign aid in Central America and the Caribbean to manage the communist influence and preserve its political and economic interests. The US provided approximately 16.8 billion in bilateral aid to countries in these regions, primarily military assistance, as they assisted with balancing payments support, and economic development (Rosen, 2002, pg. 129, p. 2). Many funding programs, such as the Food for Peace program, the Economic Support Fund, and the US agency for

International Development (USAID), were designed in the early postwar period and were repurposed for use in Central America and the Caribbean to legalize their stabilities.

History could have been repeating itself as the US helped the economic development of affected countries such as in 1917. They loaned money to the allies affected by WW1 as Germany was the most disrupted, as the country was under hyperinflation. The workers would receive their pay and rush to the markets and buy everything they could before the currency was worth less. Workers also demanded higher wages, as the food prices were increasing and world trade had not found its stability at the time. This created huge financial chaos throughout the country as the workers would fight against one another over not having enough food. The United States saw this as an opportunity to help Germany find its common ground by having the lead U.S. banker, Charles G. Dawes, utilize his power and skills to renegotiate the German reparation of their economy. American financiers were certain that Germany would never be able to pay indemnities to the U.K., France, and other countries which made it very hard for any of their allies to want to help the country with their debt (Allosso, 2021). Dawes' idea was to negotiate with the U.S. banks that loaned money to the German government that was needed to keep up with the payments of the European Allies. They would be paying the Americans, who in turn could benefit the Germans by lending them more money.

The US has responded similarly to the economic issues in Central America by providing them financial support with trade and partnership to further develop into industrialized countries. As they provided military support to limit the spread of communism as they also provided support for Germany as they were trying to keep away from the Soviet Union and other countries in Europe (Allosso, 2021). The US strategy was observing and waiting for the opportunity to help and become a source in the development of other countries that will guarantee growth from both parties. The spread of economic development is the goal of the US as they continue to create more stabilized programs to avoid hyperinflation.

- 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)**

The Cuban revolution of between 1953 to 1959 as Fidel Castro and his supporters as it became an armed attack war on the country as the war left the country with no political control but a communist country. It was the beginning of a revolutionary movement as the country fought as Castro created warfare and popular mobilization. The country became an enemy within itself as many still debate if the US should have gotten more

involved in the issues that were happening in Cuba. As an ending, to more than five decades with the country still being communist as the debates are not withstanding, Fidel created a Soviet satellite in a traditional sphere of influence from other communist leaders such as the Soviet Union and Hitler. He transformed his Soviet into the geopolitical forces in the Central America-Caribbean region. Although the relationship between Cuba and the US has been marked by a series of attempts to topple the Castro government but failed various tries. There is much criticism of the industrial and agricultural failures, the political prisoners and the dependence on the Soviet Union. Since the Castro revolution, the country has never been the same, it radically altered the face of hemispheric power relations.

During 1978 to 1990, the Nicaraguan Revolution played a huge socio-political and military war in the Caribbean as they were liberated by both the US imperialism and the repressive Somoza dictatorship. As it began in the early 1960s with the founding off the Sandinista National Liberation front (FSLN) as they were able to go to war and overthrew the dictatorship of Anastasio Somoza Garcia, who came up through US-trained National Guard and overthrew a democratically elected president, Juan Sacasa (Bodenheimer, 2019). Somoza ruled for about 19 years as he was primarily controlled by the National Guard and appeasing the US; as many illegal actions were taking charge as of corruption, engaging in gambling, prostitution, and smuggling, and demanded bribes from citizens. The FSNL recruited young people into their military as they were able to train them faster.

The military, political and economic affairs that occurred during the 1953 to 1985 reflected on the “Reagan Revolution” and how his program, and policies changed the administration in all businesses around the world. Through the new programs the administration created, it helped develop stability and growth to many countries in the Caribbean and Central America. Through promoting economic and political growth, the Reagan administration was able to lead and become a source of dependency to the development of these countries.

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 (CBI) is the trade and investment program that was formed during the Reagan administration in 1983. According to Rosen, it was designed to promote economic development, political stability by mobilizing US agencies to develop programs to publicize and promote new business opportunities in the Caribbean (Rose, 2002, pg. 134, p. 3). Through the agency programs, the trade and investments created a process of investigating any risk or uncertainty they may have before accepting any

agreement with any countries. It gave the US a sense of control on how to negotiate with their new allies.

The economic status at the time was to create an interagency task force that would be chaired by the US Trade Representatives as the Department of Agriculture was enlisted in the formation of the Agribusiness Promotion Council. The task was composed of three hundred private agribusiness leaders whose goal was to promote international agricultural trade through the US investment in the Caribbean Basin (Rose, 2002, pg. 134, p. 3). Through the programs, hundreds of workshops and seminars were provided for US businessmen. Furthermore, the Business Promotion Council (BPC) distributed “CBI Starters Kits and Guidebooks,” as it began guiding them to the CBI Business Bulletin, which gave a more detailed description of the rules and potential benefits of the program.

The purpose of developing programs that would support new business opportunities in the Caribbean by giving economic assistance and guidance by assisting new business owners. Through the administration and new program agencies, the US was able to manage and limit the spread of communism in the Caribbean (Rose, 2002, pg. 129, p. 2). Many countries do not produce or have the resources needed to help the country develop. Through the new programs, the US government encouraged Caribbean businessmen to invest in the development of nontraditional exports through a Department of Commerce mission called “Caribbean Connections” (Rose, 2002, pg. 134, p. 4). The mission is for Caribbean businessmen with ready-to-export products to travel to various cities in the US to meet with potential buyers, agents and distributors. As the US designed seminars specifically assisting Caribbean business in assessing the most efficient and effective way to continue the flow in the US market.

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

CENTRAL AMERICA AND THE CARIBBEAN



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