

**BUF 4300: Global Sourcing & International Trade Policy**  
**Midterm Essay Exam Timed Exam**  
**Dr. Adomaitis**  
**Spring 2024**  
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**Rosen, E. I. (2002). *The Globalization of the U.S. Apparel Industry: Making Sweatshops*. University of California Press.**

Essay #1

- a.* How did the defeat of the French at *Dien Bien Phu* alter U.S. foreign policy in regards to textiles and apparel trade in Southeast Asia? How did the both, (1) *Korean War* and (2) the Vietnam War both alter American opinions about the Vietnam?

The fall of Dien Bien Phu was a pivotal moment in Southeast Asian history. It marked the end of French colonial rule in Vietnam and changed the way for the spread of communism throughout the region. This event had far-reaching consequences, particularly for the United States, which was involved in the Cold War. As fears about the spread of communism in East Asia grew (Rosen 2002, p.63), the conflict between textile protectionists and trade liberalization in Congress arose. Many lawmakers were concerned that the loss of French Indochina would lead to a domino effect of communist takeovers in neighboring countries. They feared that the apparel and textile trade would be compromised by communist regimes that were hostile to Western capitalism. Despite these concerns, the United States continued to support the anti-communist governments in the region, including the South Vietnamese government. The U.S. government also provided military aid to countries like Thailand and the Philippines to help them resist communist expansion.

The Korean War was a significant surge in textile imports into the United States. In response to this, the US administration claimed the right to negotiate even further tariff reductions. Textile producers were faced with an administration whose trade policy concerns were much less worried about the fate of their industry and more focused on promoting America's security interests in Asia through increased imports, ( Rosen, 2002 P. 64). This alarmed textile producers, who had previously relied on government support to protect their industry from foreign competition. They feared that further tariff reductions would lead to cheap textile imports, which would undermine their businesses and lead to job losses. Despite their concerns, the administration remained committed to its policy of promoting American security interests in Asia through increased imports.

During the Vietnam War, public awareness of the United States' role in conflict was slow to develop. Despite thousands of American military advisors already being present in Vietnam by 1964 and the size of the US's involvement becoming a significant issue, two-thirds of the American people claimed to have paid little or no attention to developments in South Vietnam. This lack of awareness was alarming, considering the significant number of American soldiers who would eventually be sent to fight in the war. It was not until years later, as the conflict dragged on, that the American public began to pay closer attention to the war and the government's role in it (Pew Research Center, 2023). The American public's views on the Vietnam War began to significantly shift. It was known that many Americans accepted the government's policies in Vietnam.

As the war continued, more American soldiers were sent to fight, creating a more open room for the knowledge of the war, (Pew Research Center, 2023). By 1968, the number of individuals who preferred the policy of escalation began to drop, and support for this course of action continued to decline until 1970. At this point, pollsters stopped asking respondents whether they favored escalation, as it had become clear that it was no longer a popular policy. By the end of America's direct involvement in the Vietnam War, the majority of citizens considered the military effort. This was reflected in the public's opposition to the reintroduction of American military troops in Vietnam.

- b.** Was there a true threat communism in East Asia? Defend your answer with an understanding of both the *defeat at the 38<sup>rd</sup> parallel in the Korean War* in the 1950s and the *Vietnam War in the 1960s through the 1970s*. How did this have an impact of the (1) **Hong Kong**, (2) **South Korea**, and (3) **Taiwan**? How did it assist *in the globalization of retailing*? Defend your answer with **one citation from Rosen and one (1) outside source to support your opinion. (Remember APA in-text citation no dictionaries or encyclopedias).**

Yes, there was a true threat to communism. With the communist takeover in East Asia, the State Department instilled a sense of apprehension towards MacArthur's leadership in recovery efforts. MacArthur's vision for rebuilding Japan involved creating a Western liberal, individualistic, and entrepreneurial society. He saw Japan's defeat as a result of failed militarism and believed that rebuilding the country's industrial structure and civil society was the key to its recovery. (Rosen, 2002. pg. 33)

By the mid-1950s, Taiwan and South Korea had made significant strides in developing their textile and apparel industries, which allowed them to produce goods and compete in the global market. Hong Kong, on the other hand, had its textile industry connected with the "British sterling bloc," which provided them access to the textile market at no cost, (Rosen, 2002. pg. 47). However, when the Lancashire Agreement was implemented,

which restricted textile imports from its sterling area trade partners, Hong Kong's textile exporters were forced to look for alternative markets, leading them to turn to the U.S. markets. Taiwan's government actively supported entrepreneurs in the creation of the textile and apparel export industry. This support allowed the industry to flourish, leading to an increase in employment opportunities and a boost in economic growth, (Rosen, 2002. pg. 47). With the rise of globalization, businesses are facing increased competition, which has been a driving force behind the expansion of the market and sales.

## Essay #2

- a. After reading Chapters 1-4 in Rosen's Globalization of Apparel and Textiles book, it is apparent that most apparel sweatshops came into existence in countries located in the Pacific Rim. Sternquist mentions four (4) stages and Allen from Second Hand Distribution mentions (5) stages in the Growth of Retail or Retail Stages. *When the U.S. was **analyzing the cotton industry**, what retail stage was the U.S. in and Japanese cotton industry **in right after WWII**?* Explain your answer in detail with the understanding of Sternquist and lecture notes PP #6 as reviewed in detail in class.

After the end of World War II, the United States initiated a comprehensive analysis of its cotton industry. The US retail growth stage during that time falls into stage 4, referred to as "The Drive to Maturity." This stage is characterized by an economy that has the technological and entrepreneurial expertise to produce practically anything but not everything that it wishes to produce (Sternquist, 1998). This means that the needs of an economy are being, or trying, to be met to produce goods and services but only to an extent.

The United States was keen on expanding its international reach by exporting cotton textiles to Japan, which had suffered substantial economic loss during the war. The United States' decision to export cotton textiles to Japan was based on the belief that Japan would be a market for US products, and that the US could help in rebuilding Japan's economy by providing them with much-needed resources. The US was aware of Japan's potential as a major trading partner and sought to leverage this opportunity to its advantage.

- b. Give **three (3) reasons** why the U.S. chose the cotton industry to rebuild Japan. Give two (2) citations from Rosen to defend your answer. How can technology (Analyze the Industry (Allen/Lecture 2)) help sustain the cotton industry? Give at **least two (2) reasons**.

The U.S. government made a strategic decision to focus on the cotton industry to help rebuild Japan after World War II. One of the primary reasons behind the decision was to closely oversee the restructuring of Japan's political system, democratize its civil society, and restructure it structurally, (Rosen 2002, P. 27). The U.S. officials believed that by selecting the cotton industry, they would have a better chance of implementing these reforms and ensuring that Japan would become a reliable ally in the fight against communism.

This assistance was a strategic move by the US to keep an eye on Japan's political and industrial development. The role of the Supreme Commander of the Allied Forces (SCAP) was crucial in the reconstruction of Japan. The SCAP was responsible for maintaining order in the country, managing resources, and promoting production within Japan, (Rosen 2002). One of the key objectives of the SCAP was to assist Japan in finding markets for its resources. This was done by developing relationships with other countries and promoting Japan's exports. Specifically, the SCAP focused on reconstructing Japan's textile industry. The objective was to help Japan produce textiles for export that would generate foreign exchange, which would in turn pay for essential imports. As a result of this focus, Japan's textile industry grew rapidly, becoming one of the most efficient and productive.

Another reason for selecting the cotton industry was to help Japan produce exportable textiles that would gradually build a foreign exchange, (Rosen 2002, P. 29). Japan relied on imports to rebuild its economy after the destruction caused by the war. By producing textiles, Japan could earn foreign currency that would assist in paying for imports.

- c. Explain why sweatshops exist in the U.S. which is a country in the G 8 and is considered to have well-developed retailing practices. *Why do we have sweatshops in New York, Texas, and California? Defend your answer. Be sure to answer in paragraph form.*

In the United States, sweatshops were produced because of the Industrial Revolution, which saw a significant shift in manufacturing practices and the growth of large cities such as New York, California, and Texas (Rosen, 2002 P. 3). During this period, unregulated factories emerged, where workers, including children, were subjected to harsh conditions, long hours, and low wages. Companies need to ensure that their supply chain is ethical and that all workers are treated fairly.

Addressing the issue of unethical labor practices requires an approach that takes into account the complexities of the situation. While there is a need for clear guidelines and standards to ensure that workers are treated fairly and with dignity, it is also important to consider the cultural and economic context in which these practices occur, (Radin, 2006). By doing so, companies can help to promote a sustainable and socially responsible business environment, which benefits both workers and consumers. Today, corporate codes of conduct are designed to ensure that companies and their vendors uphold fair standards.

## Resources

Pew Research Center. (2023, July 19). 7. Vietnamese Americans' views of Vietnam and other places. Pew Research Center Race & Ethnicity. <https://www.pewresearch.org/race-ethnicity/2023/07/19/vietnamese-americans-views-of-vietnam-and-other-places/>

Radin, T. J., & Calkins, M. (2006). The Struggle against Sweatshops: Moving toward Responsible Global Business. *Journal of Business Ethics*, 66(2/3), 261–272. <http://www.jstor.org/stable/25123831>

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Sternquist, B. (1998). *International Retailing: 2nd or 3rd Edition*. Fairchild Publication; New York, NY.