

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

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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.

- 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 played out in Latin America. Specifically in countries within the Caribbean, Central America, and Mexico, ( Rosen, 2002, Pg 129. Par. 1). During the 1970s, the US apparel industry started producing clothes in the Caribbean and Central American countries and Mexico. However, the growth of assembly operations in these regions was dramatically accelerated by the Reagan administration. The first initiative was launched in 1983, and it aimed to boost economic development in the Caribbean by offering trade preferences to eligible countries. The second initiative, launched in 1986, expanded the program to include eligible countries in Central America.

The Caribbean Basin Trade Partnership Act has had 24 countries as CBI beneficiaries since October 2000. These countries qualify for CBI benefits by fulfilling the designation criteria outlined in the act. The qualifying countries include Antigua and Barbuda, Aruba, Bahamas, Barbados, Belize, Costa Rica, Dominica, Dominican Republic, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Montserrat, Netherlands Antilles, Panama, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago, (International Trade Administration, 2000). The act aims to promote economic development in the Caribbean region and encourage trade relations between the United States and these countries.

In 1981, during the presidency of Ronald Reagan, the US government implemented the Caribbean Basin Economic Recovery Act. This program was introduced to promote economic development and political stability in the Caribbean region. The act aimed to provide incentives for US companies to invest in the region and to increase trade between the United States and the countries in the Caribbean, ( Rosan, 2002. Pg. 129. Par. 2). The economic relationship between the United States and Latin America has been characterized by trade and investment.

Latin America has primarily produced commodities for export to the United States while suffering economically. Conversely, the United States has exported capital to the region, and in exchange, it has received manufactured goods, ( Rosen 2002, pg. 130. Par 2). Several factors led by dependency, including the lack of investment in Latin America's manufacturing sector and the lack of diversification in its economy. Latin American countries have traditionally relied on exporting raw materials, to the United States, This has made it difficult for Latin American countries to develop their manufacturing which could provide higher-value exports and create more job opportunities. The United States has provided aid to governments within the regions.

- b. What was occurring in Central America? How could history be repeating itself? How do you think the U.S. would respond to the crisis in Central America? (2pts)

In 1981 under Reagan, there was a communist threat to the Caribbean and Central America, ( Rosen, 2002). Experiencing crises in Central America. During the early 1980s, the United States government expressed concerns over foreign support for Central American leftist guerrilla forces. President Ronald Reagan amplified these concerns, echoing the sentiment of President Carter, and Congress, (U.S. Department of State,2024) In February 1981, the leftist Farabundo Martí National Liberation Front launched a major offensive against the Salvadoran military.

The Sandinista government had exported terrorism to El Salvador. Haig accused the Sandinista government of providing support to the FMLN, which was deemed a terrorist organization by the United States government. As a result, in April 1981, Reagan terminated economic assistance to Nicaragua, citing its involvement in supporting Salvadoran rebels. (U.S Department of State,2024)These events were part of a larger geopolitical conflict during the Cold War, where the United States sought to prevent the spread of communism in the Western Hemisphere. The United States provided military aid, training, and advisors to the Salvadoran government, while also supporting anti-communist forces in neighboring countries such as Guatemala and Honduras. The conflict lasted over a decade and resulted in the deaths of thousands.

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

- c. 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 was a comprehensive trade and investment program that aimed to promote economic development and political stability in the Caribbean region, ( Rosen, 2002, Pg. 129)The program provided access to the US market for most goods produced in the participating countries and also encouraged investment by US companies in the region. The initiative was designed to spur economic growth, generate employment opportunities, and reduce poverty in the Caribbean. The program has been expanded and modified to meet the changing needs of the region and has been widely praised for its positive impact on the economic and social development of Caribbean nations. The CBI Trade has been an important mechanism for the economic growth of the Caribbean nations and has helped to reduce poverty, create jobs, and promote regional integration, ( Rosen, 2002, Pg. 132).

The CBI was designed to restructure the traditional trade, investment, and financial links between selected countries in the Caribbean countries, Central America, and the United States, ( Rosen, 2002. Pg 134). The Reagan administration recognized the importance of the CBI and mobilized various US agencies to create programs that would publicize and promote new business opportunities in the Caribbean. This included initiatives to attract foreign investment, expand tourism, and encourage joint ventures between US and Caribbean businesses.

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



Figure 1: Map of Caribbean and Central America

## References

International Trade Administration. (2000). Guide to the Caribbean Basin Initiative. U. S Department of Commerce. [http://www.sice.oas.org/TPD/USA\\_CBI/Studies/USITCcbi2000\\_e.pdf](http://www.sice.oas.org/TPD/USA_CBI/Studies/USITCcbi2000_e.pdf)

Figure 1;

Map of Central America and the Caribbean. (n.d.). <https://www.geographicguide.com/america-maps/central-america-political.htm>

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