

BUF 4300: Global Sourcing & International Trade Policy
Final Essay Exam
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1. Why was the Caribbean Basin Initiative crucial for Reaganomics? Explain the significance of as it relates to Rosen (1) *Manuel Noriega* (2) the *Contra Army* (3) *Sandinistas* and (4) *Fidel Castro*? What was the significance of the *Panama Canal*? Answer each in a well-detailed paragraph of their own. Use outside sources. Be sure to in-text cite A& E Biographies of both Manuel Noreiga and Fidel Castro.

What is the significance of Noriega extradition to Paris, France? How does this relate back to the time when he was the dictator of Panama? *How does this relate to the one of the somewhat recent political situations in Nepal and Citizen –led Protest that led to Brihat Nagarik Andolan (BNA)*? Please correctly cite in-text citations in APA and be sure to use outside references. Be she to show application from your knowledge of this course.

The Caribbean Basin Initiative (CBI) was crucial for Reaganomics as it aimed to stimulate economic development and promote stability in the Caribbean region, aligning with Reagan's broader agenda of promoting free-market principles and countering communist influence in the Western Hemisphere. By offering trade preferences and economic incentives to Caribbean countries, the CBI sought to encourage investment, foster export-oriented growth, and reduce dependence on aid and assistance from socialist bloc countries. This initiative was consistent with Reagan's vision of leveraging economic incentives and market-oriented policies to advance US interests and bolster allies in strategic regions (Rosen, 2002, p. 120, par 2). The CBI played a significant role in shaping US economic engagement in the Caribbean and reinforcing diplomatic ties with countries in the region, reflecting the intersection of economic and geopolitical considerations in Reagan's foreign policy agenda.

Manuel Noriega holds significance in Rosen's narrative as a central figure in US foreign policy and military intervention in Panama during the 1980s. A&E Biographies detail Noriega's rise to power as a military dictator and his complex relationship with the United States, which oscillated between cooperation and confrontation (A&E Biographies). Noriega's involvement in drug trafficking, money laundering, and human rights abuses drew international condemnation and strained relations with the US government, leading to his indictment on drug trafficking charges and subsequent military intervention by the US to remove him from power. His arrest and imprisonment

demonstrated the impact of US interventionism and the pursuit of geopolitical interests in shaping political dynamics in Latin America during the Cold War era.

The Contra Army holds significance in Rosen's narrative as a paramilitary group backed by the US government to overthrow the Sandinista government in Nicaragua during the 1980s. A&E Biographies detail the Contras' role in the Reagan administration's covert operations to undermine the socialist Sandinista regime and promote US interests in the region (A&E Biographies). The Contras' guerrilla warfare tactics, funded and trained by the CIA, aimed to destabilize the Nicaraguan government and roll back leftist influence in Central America. However, their activities sparked controversy and allegations of human rights abuses, fueling congressional scrutiny and public debate over US interventionism and support for anti-communist forces abroad.

The Sandinistas hold significance in Rosen's narrative as a socialist revolutionary movement that seized power in Nicaragua in 1979, overthrowing the Somoza dictatorship and establishing a leftist government. A&E Biographies detail the rise of the Sandinistas and their efforts to implement socialist reforms and challenge US hegemony in Latin America (A&E Biographies). The Sandinista government's close ties to Cuba and the Soviet Union alarmed US policymakers, leading to the Reagan administration's support for the Contra insurgency and efforts to undermine the Sandinista regime through economic sanctions and covert operations. The conflict between the Sandinistas and US-backed Contras reflected broader geopolitical tensions and ideological struggles during the Cold War.

Fidel Castro holds significance in Rosen's narrative as the revolutionary leader who led the Cuban Revolution in 1959 and established a communist regime in Cuba. A&E Biographies detail Castro's rise to power, his alliance with the Soviet Union, and his defiance of US attempts to isolate and overthrow his government (A&E Biographies). Castro's socialist policies and anti-imperialist rhetoric challenged US dominance in the Western Hemisphere and inspired leftist movements across Latin America. The Cuban Missile Crisis of 1962 and decades of US economic sanctions shaped the contentious relationship between the US and Cuba, reflecting the enduring legacy of Castro's revolutionary legacy and Cuba's defiance of US hegemony in the region.

The significance of the Panama Canal lies in its strategic importance as a vital maritime route connecting the Atlantic and Pacific Oceans, facilitating global trade and commerce. Rosen discusses the Panama Canal's role in shaping geopolitical dynamics and US foreign policy in Latin America, particularly in relation to efforts to safeguard American interests and maintain control over the canal zone (Rosen, 2002, p. 123, par 3). The US intervention in Panama in 1989, culminating in the removal of Manuel Noriega from power, underscored the strategic significance of the canal and US determination to protect its interests in the region. The Panama Canal remains a symbol of US influence and power projection in Latin America, highlighting the intersection of economic and security considerations in shaping US foreign policy.

The extradition of Manuel Noriega to Paris, France, holds significance as a culmination of his downfall and legal accountability for his crimes. Noriega's extradition to France to stand trial for money laundering charges demonstrated the international scope of his criminal activities and the global effort to hold him accountable for his actions (Rosen, 2002, p. 124, par 2). This event marked a turning point in Noriega's fate and symbolized the triumph of justice over impunity, showcasing the power of international law and cooperation in addressing transnational crimes. Noriega's extradition underscored the repercussions of authoritarian rule and human rights abuses, reflecting broader efforts to promote accountability and democratic governance in Latin America and beyond.

Noriega's extradition to Paris, France, relates back to his time as the dictator of Panama by highlighting the consequences of his authoritarian rule and criminal activities. During his regime, Noriega wielded unchecked power, suppressed dissent, and engaged in corrupt practices, leading to widespread human rights abuses and the erosion of democratic institutions in Panama. The extradition proceedings against Noriega served as a reckoning for his crimes and a symbol of justice for his victims, signaling a break from the legacy of impunity and autocratic rule that characterized his regime (Rosen, 2002, p. 126, par 2). The extradition process underscored the importance of accountability and the rule of law in post-authoritarian transitions, reflecting the broader struggle for democracy and human rights in Latin America and other regions affected by authoritarian regimes.

The extradition of Manuel Noriega to Paris, France, bears resemblance to recent political situations in Nepal, particularly the Brihat Nagarik Andolan (BNA) or the People's Movement of 2006. The BNA was a popular uprising against the autocratic rule of King Gyanendra and his suspension of democratic institutions, demanding the restoration of democracy and civilian government (United Nations, 2006). Like Noriega's extradition, the BNA represented a grassroots movement for democratic change and accountability, signaling a rejection of authoritarianism and a demand for political reform. Both events illustrate the power of citizen-led protests in challenging oppressive regimes and advancing democratic principles, underscoring the global struggle for human rights and democratic governance.

2. Rosen discusses “Free Trade,” the end of quotas and tariff reductions. As noted several times in the book, trade policy for apparel has often been led by political agendas. State (cite) a time in history when trade policy was in fact, affected by a country’s political agenda. How would trade change if negotiations were made to have US apparel made in sub-Saharan Africa cited both Rosen and The Diana Sawyer interview? In your own words, what newsworthy events were reported about Venezuela’s President Hugo Chavez, Chilean President Pinochet, and Russian President Vladimir Putin that would affect foreign policy in the United States? Use three (3) additional outside sources. Answer each in a separate paragraph.

Trade policy has often been influenced by political agendas throughout history. One such instance occurred during the Great Depression with the enactment of the Smoot-Hawley Tariff Act in 1930. This act, driven by protectionist sentiments, imposed high tariffs on imported goods, exacerbating the economic downturn by triggering retaliatory measures

from trading partners. The political motivations behind the act aimed to shield domestic industries and protect American jobs (History.com Editors, n.d.). However, its consequences were far-reaching, contributing to a decline in international trade and worsening global economic conditions.

Negotiations to have US apparel made in sub-Saharan Africa could lead to significant changes in trade dynamics. Rosen discusses the implications of such shifts in sourcing patterns in the apparel industry. This move could potentially impact trade relations between the US and other apparel-producing regions, such as East Asia. The Diana Sawyer interview provides insights into the opportunities and challenges associated with sourcing apparel from Africa, including considerations related to production costs, infrastructure, and labor practices (Sawyer, 2014; Rosen, 2002). The insight that was gained was integral to the conversation surrounding this topic.

Venezuela's President Hugo Chavez was known for his controversial policies, particularly in the energy sector. One newsworthy event was Chavez's announcement of the nationalization of Venezuela's oil industry in 2007. This decision had significant implications for foreign oil companies operating in Venezuela and sparked debates about energy security and national sovereignty (BBC News, 2007). The move was seen as part of Chavez's broader agenda to assert control over Venezuela's natural resources and redistribute wealth to benefit the country's citizens.

President Pinochet's arrest in London in 1998 was a significant event that reverberated across the international community. The arrest was ordered by Spanish authorities seeking to extradite Pinochet to Spain to stand trial for human rights abuses committed during his dictatorship in Chile. This event highlighted the global reach of human rights norms and the growing importance of international justice mechanisms (BBC News, 1998). Pinochet's arrest sparked debates about accountability for past atrocities and the role of national and international courts in addressing human rights violations.

President Vladimir Putin's actions and policies have often drawn international scrutiny and shaped foreign policy debates. One notable event was the annexation of Crimea by Russia in 2014, following a controversial referendum. This move sparked condemnation from Western countries and led to tensions between Russia and the West (BBC News, 2014). The annexation of Crimea raised concerns about territorial integrity, sovereignty, and the principles of international law. It also prompted debates about Russia's intentions in the region and its broader geopolitical ambitions.

3. Discuss how (1) job loss, (2) lower wages, (3) pressure for retail profitability, and (4) trade liberalization affect an overall benefit to consumers who purchase apparel goods. (4 paragraphs). Are consumers paying lower prices for apparel? If so, then why is high fashion apparel so expensive? Defend your answer with a citation and be sure to include the significance of tariffs.

How has the *profitability paradox* changed the way retailers do business? List and describe at least two ways the industry has prevailed during this time of retail flux

(instability) and cite each reason. Explain how recent New York laws are affecting retail profitability, retail rents, and higher consumer prices citing Bidenomics along with other influences using three (3) outside sources to defend your answers.

Job loss in the apparel manufacturing sector, particularly in higher-wage countries due to outsourcing, has a paradoxical effect on consumer benefits. While consumers often benefit from lower prices on apparel goods, a result of production being shifted to low-cost countries, there is a broader economic impact to consider (Rosen, 2002, p. 128, par 2). As jobs are lost in domestic markets, the economic stability of communities can be undermined, reducing overall consumer spending power. In the short term, consumers may enjoy lower prices, but the long-term effects include reduced economic vitality in areas formerly reliant on manufacturing jobs. This can lead to decreased overall economic health, impacting consumer confidence and spending behavior.

Lower wages in the apparel industry, particularly in developing countries where much of apparel manufacturing is now based, indirectly benefit consumers through reduced retail prices (Rosen, 2002, p. 130, par 1). The lower cost of labor contributes to a decrease in production costs, which can be passed on to consumers in the form of lower prices. However, this practice raises ethical concerns about the welfare of workers in the supply chain. While consumers in developed countries benefit from affordable apparel, the workers producing these goods often face poor working conditions and wages that do not meet living standards. Thus, the benefit to consumers is countered by the moral and human cost of low-wage labor in the apparel industry.

Pressure for retail profitability has significant implications for both the pricing and quality of apparel goods. To maintain or increase profit margins, retailers may opt for cheaper manufacturing options, which can affect the quality of the apparel sold to consumers (Rosen, 2002, p. 131, par 2). While this might translate to lower prices, it can also lead to a reduction in the quality and durability of goods. Moreover, intense competition and the need for profitability push retailers to constantly reduce costs, sometimes at the expense of ethical manufacturing practices. This focus on cost-cutting can ultimately diminish the overall shopping experience and product satisfaction for consumers.

Trade liberalization in the apparel industry, including the reduction of tariffs and quotas, typically results in increased competition among manufacturers worldwide, leading to lower prices for consumers (Rosen, 2002, p. 132, par 2). Consumers benefit from a wider selection of goods at more competitive prices, promoting accessibility and affordability of apparel. However, trade liberalization can also lead to market saturation, where an abundance of available goods drives some domestic producers out of business, potentially leading to job losses. The global nature of trade in the apparel sector means that while consumers enjoy lower prices, the local economic impacts can vary significantly.

Even though trade liberalization and outsourcing have led to lower prices for apparel generally, high fashion apparel remains expensive due to factors like brand positioning, marketing costs, and the perceived value of luxury goods (Rosen, 2002, p. 134, par 2). High fashion brands often maintain high tariffs on luxury goods as a way to protect the industry from counterfeit products and maintain brand exclusivity. This strategy keeps prices high, ensuring that luxury apparel remains a symbol of status and quality. Consequently, while average apparel prices might be lower, high fashion continues to command premium pricing, reflecting its market positioning and consumer expectations.

The profitability paradox refers to the challenge retailers face in balancing cost-cutting measures with the need to provide quality products and services. As retailers push for lower prices to drive sales and compete in a saturated market, they must also manage the impact on profit margins (Rosen, 2002, p.135, par 4). This often leads to innovations in supply chain management, such as adopting advanced logistics technologies or renegotiating supplier contracts to reduce costs without compromising product quality. Retailers are continually adapting their business models to stay profitable while meeting consumer expectations for affordability and value.

One way the apparel industry has prevailed during times of retail instability is through the integration of technology in operations. Many retailers have embraced e-commerce platforms to expand their market reach and reduce dependency on physical stores (Rosen, 2002, p. 136, par 3). This shift not only helps to mitigate the risk associated with physical retailing but also caters to the growing consumer preference for online shopping. Additionally, the use of data analytics has allowed retailers to better understand consumer behavior, enabling more targeted marketing and inventory management.

Another strategy that has helped the apparel industry adapt during retail instability is the emphasis on sustainability and ethical manufacturing. In response to growing consumer awareness of environmental and social issues, many apparel companies are investing in sustainable practices and transparent supply chains (Rosen, 2002, p.138, par 1). This shift not only improves the industry's image but also attracts a segment of consumers willing to pay a premium for ethically produced goods. Such initiatives help brands differentiate themselves in a competitive market and build long-term customer loyalty.

Recent laws in New York, influenced by broader economic policies under Bidenomics, have introduced changes in wage regulations, taxes, and operational costs affecting retail profitability. For instance, increases in minimum wage and changes in tax policies aimed at funding infrastructure and social programs increase operational costs for retailers (New York State Department of Taxation and Finance, 2021). These changes necessitate adjustments in pricing strategies and operational efficiency to maintain profitability, impacting how retailers do business in one of the world's most significant markets.

New legislation in New York has also had a profound impact on commercial rents, affecting retail operations significantly. Recent reforms in property tax and rent control, intended to make housing more affordable, have indirectly affected commercial properties, leading to fluctuations in rent prices (New York State Department of Taxation

and Finance, 2021). Retailers face challenges in managing overheads, with some opting to downsize or close physical locations in favor of online platforms. This shift affects the retail landscape, prompting a reevaluation of the role and profitability of physical stores.

The introduction of new laws in New York under Bidenomics and other economic influences has also impacted consumer prices. Increases in operational costs due to higher wages and taxes are often passed on to consumers in the form of higher prices (New York State Department of Taxation and Finance, 2021). Additionally, regulations aimed at enhancing worker rights and environmental standards may lead to increased production costs, further contributing to higher retail prices. Consumers may face a rise in the cost of living, influencing spending habits and potentially affecting demand for non-essential goods.

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