

BUF 4300: Global Sourcing & International Trade Policy
Final Essay Exam
Summer 2021
Dr. Adomaitis

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

Please answer the following essay questions to the best of your knowledge illustrating critical thinking skills. **Use detail where appropriate.** Be tight and concise in your essay answers. Organize your thoughts. **Remember grammar, punctuation & spelling count as 65% of your final examination grade. Use outside sources and cite APA appropriately and add references. Split paragraphs for each questions ask and write your own thoughts except when citing in quotations. Use Purdue Owl as a reference.**

1. Why has department store business declined in the US along with department store business in England, Germany, and Italy? Please cite an outside source for these country's retail decline. How has the *profitability paradox* affected this decline in profits? How has the *profitability paradox* changed the way retailers do business in the US? List and describe at least two ways the industry has prevailed during *this time* of retail flux (instability) in the text? Please cite Rosen and one outside source. (50pts). Please cite APA.

The department store business has seen a decline in recent years. From U.S as well as its European counterparts such as England, Italy, and Germany. Department stores are struggling to keep up with modern business models. With the world still trying to figure out how to work around Covid-19, this only worsened the situation department stores are in. With new forms of shopping, visiting department stores in person is much more of a choice now than a mandatory. Even returning can be done through online and simply mailing out the product for either your money back or the correct product. E-commerce has been detrimental to the survival of department stores. The convenience that buying online has on people who live busy lives, leads them to shop less in person. In the last decade department stores have shown increasing struggle to keep up with the profits that e-commerce has provided. From department stores in the US to those in England, Germany, and Italy it is prevalent that people are simply not interested in buying in stores anymore. According to an article by Shanee Benjamin, her article discusses the decline of department stores in the U.S by the numbers. She took the the numbers department stores made over this past year and compared it to other years, including e-commerce, which accounted for 16% of all retail sales. Despite making up with online sales, department stores cannot compensate for total revenue. Benjamin also brings up the closing of almost 20% of department stores in the U.S. This year alone,

there are only 6,297 department stores in the U.S (Benjamin, 2020). According to Rosen the fall of department stores in Europe was caused by U.S transnationals forcing small and local shops to compete with them. Having to compete with vertically integrated stores and their prices was too much for small local shops and thus lead to a decline in the department stores in Europe (Rosen 2002, p 177, par 1).

The profitability paradox as per Rosen is self-contradictory, it encourages lower profits and requires them to raise revenue (Rosen, 2002, p 188, par 3). To remain profitable retailers must continue to acquire ways to retain attention from consumers. This comes in many forms, such as reestablishment, acquiring more locations, and ease of shopping with in-person incentives.

Two examples in which retail departments have prevailed during instability would be in 2008, when retailers would become more lifestyle focused and acquire niches. As a recession was taking place, many Americans felt shopping for new clothes was not a priority on their list. Retailers would combat that by offering lifestyle brands, things people could assimilate more than with general clothing. Another example is in 2020, with curbside pick up on items purchased online. People wanted to get out the house and shop but did not want to come in contact with other people. Curbside pickup simplified shopping as you can shop at home and simply pick up your items at a designated area.

2. Why was the Caribbean Basin Initiative crucial for Reaganomics? Explain the significance of (1) Manuel Noriega (2) the Contra Army (3) Sandinistas and (4) Fidel Castro? What was the significance of the Panama Canal? 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 more recent political situation in Nepal and the Maoist revolutionaries? Please use Rosen and outside sources to defend your answer. (50)

The Caribbean Basin Initiative was crucial for Reaganomics because it allowed the Reagan Administration to monitor the rise of communism close to the US. Under the guise that the initiative was for economic stability and opportunity. Central America was experiencing political disturbance and financial crisis, the Reagan administration with the backing of pro-American regimes in Central America, assisted with military and financial guidance. With 1.2 billion in aid. President Reagan executed the Caribbean Basin Initiative. Which intended to rebuild the economy of Central America and nations of the Caribbean, while also benefitting the US with trade from those nations (Rosen 2002, pg 129, par 4).

The significance it relates to Noriega, Panama and the U.S had relations through Noriega's assistance to the CIA. He served as a witness to combat communism in Central America. Noriega helped the US topple the Sandinistas in Nicaragua. Noriega and the CIA cut ties after the US believed him to play both sides, helping them and Cuba. This along with allegations of drug trafficking, the US made a move against Noriega to take him down from his position. The Contra and Sandinistas were pieces of the Nicaragua revolution. The Contra Army battled against the Sandinistas with both having the goal of

toppling each other over. The Sandinistas were influenced by Fidel Castro and were backed by the Soviet Union. The US decided to back the Contras and eliminate the Sandinistas because of this.

The Panama Canal was significant because it allowed the transport of textiles from the Pacific to the Atlantic and vice versa. The canal allowed faster trade. Noriega was eventually extradited to Florida to serve his initial forty years of jail-time; his sentences were later diminished to seventeen years for good behavior. By the time of 2007, Noriega now in his seventies had finished his sentence and was maintaining a strategic distance from removal to Paris, France no matter the circumstance. The United States found Noriega's possible extradition to France extremely important due to the possibility of Noriega winning his case in court and being allowed to go back to his native home of Panama (Malkin, 2010). The extradition finally happened just three years later in 2010.

This identifies with the later political circumstance in Nepal and the Maoist revolutionaries since everything identifies with communism. Nepal has yet to catch up with the technological and societal advancements of its surrounding countries. Former and late-President of China and Nepal's beginning communist pioneer Mao Zedong, was the motivation and esteem behind The Maoists, Nepal's socialist coalition formed in 1994. Twelve years later in 2006, after much disagreements between two political groups, one of peace came to be. This agreement was that the Nepali army would have complete support of the United States. The Maoist people in China would not have this advantage.

3. Why is China considered a major player in apparel production? How does artificially devaluing and inflating its currency (the Yuan) help China? Give two examples, one where devaluing the Yuan and one inflating the Yuan has created an advantage for China and has hurt the export/import country. Use a citation from Rosen along with an *outside source* to defend your answer. (50pts)

China has grown to be a major player in the apparel production due to government plans on investing in technology and facilities in their manufacturing sector to allow them to compete and rise in the textile industry. That with a large workforce allowed China to become a major competitor with the United States (Rosen, 2002, pg. 207, para. 4). Artificially devaluing and inflating the Yuan assists China with trade deficits because it creates an artificial bubble of their current when purchasing imports, assisting them to devalue what they are receiving from trade. A major gain China had with devaluing the Yuan was to store foreign exchange reserves with countries it has done trades with. With these reserves, when currencies such as the US dollar had lowered in value, they were able to artificially make the Yuan rise in value again which helped it value when partaking in exports (Rosen, 2002, pg. 211, para.1). An example of China artificially inflating the Yuan that hurt their import business was when the Swine Flu of 2009 created a shortage of pig consumption in the country due to high prices, this led to a lot of Chinese families unable to afford meat that was crucial to their diet.

4. 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. Are consumers actually paying lower prices for apparel? If so, then why is *high fashion apparel so expensive*? Defend your answer with an outside citation and be sure to include the significance of tariffs. (50pts). Discuss each job loss, lower wages, etc....each in a separate paragraph to earn credit.

Job loss

5. Women have been part of the apparel work force throughout its development that has transitioned into a global entity. Give two (2) examples in history when women's wages were not of equal value to those work wages of another industry or her male counterpart. Please cite *each outside* reference. Describe how the *Lowell Model* has shed light on the difficulties of being a woman in a low-wage industry. Please be specific and cite Rosen (2002) (50pts).

An example of when women's wages were not of equal value to those work wages of another industry or her male counterpart in history is during the Industrial Revolution when women were relied heavily on to spin, weave, and sew clothing/garments in establishments like sweatshops and factories. Rosen states, "Industrialization supported this sexual division of labor in ways that continued to maintain women's subordinate position in the production of cloth and clothing" (Rosen 2002, pg. 23, para, 2). Another example would be during the tragic Triangle Shirtwaist Factory fire of 1911 where 125 female sweatshop workers were not allowed breaks--whether for the restroom or for lunch and were burned to their deaths due to poor maintenance keeping and just one fire escape for evacuation. This was mentioned as "...were burned to death or died after jumping from a window in the building, in which there was only one fire escape; the elevator was broken" (Rosen, 2002, pg. 1, para. 1). The Lowell Model has shed light on the difficulties of being a woman in a low-wage industry due to the exploitation they endured on a weekly and daily basis. Thomas Dublin states the following: Women worked some 73 hours each week, averaging 13 hours a day Monday through Friday and 8 hours on Saturday. The typical workday began at dawn--or even earlier in the summer-- and lasted until 7:00 or 7:30pm with only 30-minute breaks for breakfast and midday dinner...These women sent money home, sometimes helping pay the family mortgage, and saved for dowries their parents could not afford (pg. 240, para. 2