

**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.**

**Please answer to the best of your knowledge the following essay question. Use detail where appropriate. Please remember paragraph structure of 5-6 sentences for each answer. Remember grammar, punctuation & spelling count. Cite using APA formatting when using in- text citations and referencing APA format. Over cited papers (over 20% matching) will lose points as this exam is to validate your opinions with citations not to cite several sources to defend an opinion.**

**I want to know your opinion based on the reading, discussions and articles. (75pts each). Please add references of outside sources including Rosen. Matching should be less than 20% using you own words and re-writing quiz answers showing a clear understanding of the Rosen text and all quizzes review in class in details. Questions must be left on the answer sheet.**

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? Defend your answer with **two (2) different in-text APA citations from Rosen**. How did the both, (1) *Korean War* and (2) the Vietnam War both alter American opinions about the Vietnam? **Please cite an outside source in addition to Rosen. NO dictionaries or encyclopedias.**

Post-World War II, as the United States emerged as the leading global power, the defeat of the French at Dien Bien Phu caused lasting repercussions that impacted the U.S foreign policy and geopolitical relationships. The defeat of the French at Dien Bien Phu in 1954 is significant as it marked the end of French colonialism in Indochina (Norman, 2019). This defeat of the French allowed for the void of leadership and influence in the Southeast region, specifically Indochina, the opportunity for the U.S. to expand into the region and position itself against the spread of the communist threat. In a similar fashion to the rebuilding of Japan post World War II, the U.S. as the leading world power took an opportunity to further expand into East Asia, with plans to industrialize and rebuild a democratic economy and government that would fight the spreading communist threat of the East. The defeat sparked fears of falling dominos in the Southeast Asia region that would become communist and Soviet allies, posing a significant threat to the U.S. The U.S would use foreign trade policy as a major tool to fight and contain the communist threat, filling the void left by the defeated French to become the new influencing power of the region.

As Rosen states, “The need to contain communism ultimately won the battle to extend the Reciprocal Trade Act (RTA) (Rosen, 2002, p. 64). With a divided Vietnam, the unstable region was susceptible to infiltration by the Soviet Union just as easy as the U.S. was imposing itself. The defeat of the French in Vietnam sparked new fears for those controlling foreign trade policies to fight this ultimate enemy and to use this as motivation to extend the trade acts like the RTA that promoted a global trading economy and spread the American influence on the East. The defeat of the French however also gave rise to opposition parties that saw the threat of overreaching and use of colonial control into Southeast Asia as a warning for the trade liberalization agenda. As Rosen states, the fear of the spread of communism defeated protectionist views during the debate to extend the act, ultimately deciding to help Japan and East Asian economies and their rebuilding, through an ease of trading policies like reduction of tariffs to create new allies against the spread of communism (Rosen, 2002, p. 65). Those who favored protectionism were defeated with the plans of spreading American reach and influence into the region being sought as a better plan to defeat the ultimate enemy of communism. Foreign trade policies prioritized the helping and rebuilding of countries like those in Asia over the importance of American producers and workers who would be unable to compete in the future with the imports of low wage competitors benefiting from tariff reductions and help from the U.S.

- b.** Was there a true threat communism in East Asia? Defend your answer with an understanding of both the *defeat at the 38<sup>th</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).***

The Korean War and the Vietnam War were both major events that highlighted the threat of communism in East Asia in the 20<sup>th</sup> century. The threat of communism was perceived by the U.S. and its government as a real threat that these wars underlined with the conflicts of communist backed and non-communist, U.S. aided forces that fought for control of the regions in their battles. With the threat of the Soviet Union expanding into weaker, unstable countries and easily influencing the enemy of communism, the U.S. perceived this real threat by embroiling itself in war overseas to contain the threat. “The conflict between the socialist Soviet-sponsored North and the American-backed capitalist South was a byproduct of the end of World War II and reflective of the Cold War balance of power between the United States and the USSR” (Nye, 2019). As the North Korean forces, aided by Soviet military support stormed across the 38<sup>th</sup> parallel to take over South Korea who was supported by the U.S., the battle between communism and its spread was becoming a true threat as the Soviets were imposing its influence to control entire countries.

The Vietnam War showcased a similar threat of this real threat of communism as the country was unstable and divided between the North and South by different forces with different government ideologies. “The policy of containment later informed the “domino theory,” which stated that one country falling to Communism meant the surrounding countries were likely to fall as well. This policy ultimately pushed the United States to enter into wars in Korea, Vietnam, and other Cold War conflicts” (Malloryk, 2020). As the domino theory became more “real”, the U.S. with its global leading power status had to embark on a mission to defend these countries from falling to the communist threat.

The U.S. government no longer just cared about its own region and isolationism, but now had to expand, using trade policy and its military power to contain the communist spreading threat. If South Korea or South Vietnam fell to the Northern communist forces, the entire country would become communist and influence its spread across the other surrounding countries such as Thailand and Taiwan.

In continuing to fight the threat of communism especially in Southeast Asia, the U.S. engaged in military interventions to protect these countries as well as using its foreign trade policies to rebuild and influence these nations into exporting hubs for the free global trading agenda. From the contributions of U.S. foreign aid and an embargo established against China, the strategy against communist aggression was successfully working in South Korea, Taiwan and Hong Kong, the rapid economic growth and rebuilding of these economies and this region was sparked by these three “Asian Miracles”. (Rosen, 2002, p. 46). Hong Kong became an important hub for the U.S. as it fought against nearing China and its communist influence. South Korea was crucial in defending against the communist North and Soviet influence. Receiving substantial economic and military aid, the U.S. positioned itself to fight the communist threat directly as highlighted by the Korean War, establishing a key ally in Southeast Asia that also benefited dramatically from the aid the U.S. was giving. Taiwan also was a key figure in fighting China and its influence into the Southeast Asia region.

“The Asian Miracles” benefited greatly from the U.S. foreign trade and trade liberalization agendas into rebuilding their economies and nations to become crucial parties of the global trading markets. As the falling dominos theory gained support within the U.S. government, the spread into other Southeast countries after the successful redevelopment of Japan was aided with the fight against communism. This new trade liberalization agenda and spread of American influence and power into this region aided the globalization of retailing. The U.S. greatly impacted this development by facilitating the import of products with reducing import tariffs on goods that would compete and be direct competitors of U.S. versions with higher costs and higher prices (Rosen, 2002, p. 47). The use of foreign trade policies to open market and create export hubs across the world in Southeast Asia develop new trading partners that would globalize the retailing networks. Using the tension of the Cold War and powers granted post World War II, the U.S. imposed its capitalistic views into rebuilding these nations and their economies to become part of the global trading markets, establishing apparel and textile industries within these countries that could now trade goods with the rest of the markets. With the low wage labor and duty-free export processing zones, benefits of reduction of tariffs and other trading benefits, the retailing markets would be revolutionized by the integration of these countries into the global scheme of the American plan while also combating the spread of communism together.

## 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.

Post-World War II, the United States being the leading global power didn't endure a great defeat like Japan and the rest of the world suffered in the war. Having a lot of infrastructure still intact and still being able to produce and export products such as cotton allowed for the American society to still benefit from being advanced compared to the rest of the world. Japan on the other hand had its nation depleted during the war, destroying the vast of its infrastructures, factories and completely destroying industries that reshaped the nation into having to be rebuilt and to figure out its future. According to Sternquist, the United States would still be in the more advanced stages of country development. Prior to the War the U.S. had developed its cotton industry to become a major exported of the good, benefiting from the modernization and advancements of the industry in the time from investments that would put it in the drive to maturity stage (Sternquist, 1998). Post war, the age of high mass consumption could be applied for the industry as the retail stage was set to be developed within the nation and allowed for the now specializing of cotton in the U.S. to be exported or even offshored and introduced into Japan to allow for their rebuilding.

Japan on the other hand post World War II would have to rebuild its economy and retailing atmosphere. Benefiting from the aid of the U.S. it would quickly move up the ranks but since its infrastructure and nation was destroyed, the cotton industry would be in stage 1 or at the best stage 2 preconditioned to take off. Rebuilding and modernizing its country and retailing practices would require a vast amount of investment and time before the "take off" (Sternquist, 1998). Japan was lacking any capabilities to increase production and had none to very little structures to sell or trade products prior to help of the U.S. According to Sternquist, the cotton industry would be just introduced, needing to establish structures and markets for the product, unlike the U.S. who had evolved the industry and could now export and had established specialized retailing networks while also having consumers who had disposable income to buy products.

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

Post-World War II, the U.S. was tasked with becoming the global leading power, rebuilding Japan was essential to the country for various reasons. In agreement with the plan to rebuild Japan, the cotton industry in particular was chosen as the outlet with which this economy would be rebuilt on. The cotton industry was primarily chosen as the targeted industry to rebuild Japan as the textile industry would not promote an industry that would aid future aggression by this once enemy (Rosen, 2002, p.28). With its goals post war of world peace, the plan to rebuild Japan must also contain the previous enemy and prevent any remilitarization of this country. General MacArthur was tasked with leading the restructuring of this nation, economically, socially as well as its military ensuring economic stability in the war-torn country while also expanding the American influence into the East. The SCAP leader was tasked with reconstructing Japan, its political system, economies and society, guided by American influence and leadership,

creating a trading partner in East Asia would benefit Japan as it would the U.S. Cotton can be traded to many countries as thus establish a route with which the Japanese economy could be stimulated to promote the recovery after its destruction from the war.

Before World War II as Rosen stated, Japan produced cotton cloth, rayon and silk (Rosen, 2002, p. 28). After the destruction of its factories and infrastructure, cotton was the easiest good that both parties could reestablish to create an exporting nation to rebuild the country. The U.S. had become the leader of the cotton industry and after the war as Japan could no longer import raw materials for the production of cotton, the U.S. became the intermediated party to help ease this effort. "It was decided that the United States would finance the sale of its own supplies of raw cotton to Japan. In 1946, SCAP oversaw the first shipment of U.S raw cotton to Japan" (Rosen, 2002, p. 30). The U.S. created a plan to export its surplus of cotton at home to facilitate the cotton industry in Japan. With previous importing partners such as China now being an enemy and other past colonized nation no longer seeking to work with Japan, the U.S. would export its cotton into Japan to facilitate their industry and creation of products to then be able to export and rebuild their nation. The U.S. could help Japan rebuild, become competitive in the global markets while also benefiting from competitive pricing for its consumers at home.

A third reason why the cotton industry was used to rebuild Japan would be to create a new hub and trading partner in the trade liberalization and free global trading agenda of the U.S. Providing economic aid as well as creating a new exporting industry with which the U.S. could trade with established a new outlet for the American influence to spread its ideologies. Fighting the threat of Red China and the spread of communism, the creation of a textile exporting partner could create a nearing location for the U.S. to have access to. The industry was labor intensive and would create many jobs within the Japanese society with which the U.S. could start to influence their political views and impose the American support from the nation and its people. Foreign aid and trade policies would be important to reconstructing the Japanese textile industry primarily to contain communism and link Japan to Western democracies (Rosen, 2002, p. 37). The new industry would revitalize the nation while strengthening American positioning on the East with a strategic ally, all while fighting against communism and Red China or the Soviet Union threat to come.

Technology would help sustain the cotton industry by continuously evolving a needed industry that creates goods for markets globally. Technology allows for innovation to be implemented into the industry, allowing for new materials, fabrics and production techniques to advance the industry. As witnessed with Japan, consumer preferences rapidly shift in markets with creations of new innovations allowing for products to be better made and giving consumers more to choose from. As Japan and the cotton industry plans of the U.S. realized, silk and rayon weren't as highly desired during war times and with innovations such as man-made fibers, the industry moves forward to create new goods (Rosen, 2002, p. 91). Technology has to continue to be invested in to help sustain the cotton industry due to the competitive nature of the industry and continuous innovations being employed.

Another reason for technology being used to sustain the cotton industry is the effects and developments of increased efficiencies. Automation, computer and other technological advancements help in modernizing the industry and creating prosperous environments in

the challenging competitive markets. Investing into technology allows for improved production efficiencies gained in many formats. Reducing the use of a large force of labor in this labor-intensive industry allows for labor costs to decrease and profits to continue to be made. Increasing efficiency allows for costs to be decreased, increases production and productivity all benefiting manufacturers to remain competitive in this challenging global market.

- 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.***

Although the U.S. which is a country part of the G8, a status as one of the most developed countries with developed retailing practices, sweatshops still persist and live within some of the biggest cities. One major factor could be the competitive nature of the apparel and textile industries due to the trade liberalization initiatives of the past that have created a global intensified industry. In order to remain competitive, manufacturers seek to reduce costs to gain profits and be able to compete with low wage importers who aren't subjective to labor rights or minimum wage laws. With the rise of immigrants and individuals who are willing to work for under minimum wage, sweatshops allow for these undocumented people to still gain access to income even if they endure terrible working conditions. In New York, Texas and California, a large amount of the population sometimes deals with language barriers and immigrant status to be taken advantage by employers who exploit their uneducated, uninformed and fear of being deported. Some sweatshops also thrive in big cities by being hard to find and regulated by enforcement agencies thus allowing them to continue to exploit workers in seeking profits. Despite the well-developed retailing practices, challenges exist in the apparel and textile industries that allow for sweatshop labor to still persist.

## Works Cited

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