

Fashion Economics: FM 4339
Quiz #2: The Introduction
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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. Do past international theories of explaining international trade (classic theorists) facilitate an understanding of trade policies today? If yes, then why? If no, then why not? (2pts).**

Older or classical theories describing international trade facilitate in understanding and developing trade policies today. Neoclassical theorist such as Adam Smith and others have developed economic theories that can be applied to modern trade but must also be modernized to include social impacts and how humans are affected. Past trade policies can educate modern theorist on outcomes of certain policies, as Rosen (2002) states, the Hawley-Smoot Tariff Act, with its high protective tariffs was a major contributor for the Great Depression and World War II (p. 14). Using these historical events can be a guide when trying to best navigate policies for the present and future in seeing the consequences of isolationism and protectionism as oppose to free trade policies. They can offer valuable insight into how certain economic views may affect trade but must also take into account the social impact it may have on individuals and nations as classical theories sometimes disregarded these effects completely. Trade policies today must negotiate between what's best for the better interest of the political and social economy, while conceding to classical economic gains may be required.

- b. What is GATT? Explain in your own words. How has or would it ensure world peace? Has it worked? (2 pts).**

GATT was the General Agreement on Tariffs and Taxes, crafted after World War II helped ease the war tensions and reconstruct damaged economies across the globe, creating reciprocal trading and a new international trading economy. As Rosen (2002) states, "The General Agreement on Tariffs and Trade (GATT), which regulated global commerce from, 1947 to 1994, was designed to prevent

the reoccurrence of the “war of all against all” that trade protection was seen to have created” (p. 14). The GATT created a free trade economy that reduced or eliminated barriers such as tariffs, taxes and quotas completely, helping to facilitate trade between nations and form a global free trade market. The agreement stated that with free trade, the world will benefit more as a whole and avoid the next World War, sharing economic and political views that aligned with market participants. Nations with advantages on resources were encouraged to trade with other less endowed nations, requiring that all be treated fair and equally, creating a leveled playing field for exchange of goods and products between nations. Recreating this new world economy would create a better life and society everywhere, generating international prosperity more than the previous protectionism policies. This GATT agreement has worked after World War II because thankfully there hasn't been a 3rd World War. The treaty and agreements have for the most part benefited society and most nations post World War II.

- c. **Rosen explains on page 20 paragraph (1) and on page 22 paragraph (1) that global trade does not always enrich developing countries but rather leaves them impoverished. Is this true? Is global trade beneficial to developing countries? Defend your answer. (2 pts).**

Deciding on whether global trade “always” enriches developing countries more than it might impoverish them in the long run is a tough choice that developing countries are faced with in deciding their future and global trade participation. It's not always true that global trade and the benefits that it provides outweigh the consequences that the traders might bring in. With free trade markets and policies, sometimes economic values such as low production costs are valued more than labor and humans' rights and working standards. As Rosen (2002) states, “In many cases the new forms of global exchange in textile and apparel do not enrich all parties involved in this trade, and they may not lead to a generalized prosperity that benefits all participants, or at least not equally or equitably” (p. 20). As with the neoclassical theories, economic models ignore social impacts and the costs of trade policies, creating scenarios where sweatshops are used in exploiting workers and nations to generate wealth without valuing the individuals creating the goods. This exploitation of workers may actually harm the developing countries and its labor force, potentially hindering it from gaining sustainable development as a nation.

Global trade allows for developing countries to rise faster from poverty and into competition with the rest of the world by bargaining their comparative advantages such as large labor workforces, low wages and working standards and trading this labor to others who can offer reciprocal exchanges. As Rosen (2002) states,

“Economists have argued that low wage developing countries have a comparative advantage in their natural abundance of low wage labor” (p. 20). Textile and apparel industries can be established with low capital costs in these developing nations to then be traded efficiently in the global markets with trading partners that produce other manufactured goods making both parties resourcefully better off. In the long run, being part of the larger economic trading system and being connected and united with the world should help in allowing the country to continue to develop its society and economic living standards for its people. Although the gains are not always equal, fair or just, the betterment of society and the parties involved usually gain from free global trading markets.

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

- d. Historically, why is the apparel industry considered a “woman’s field”? Is this conception of being a “woman’s field of labor” true today? How does Rosen describe women as they are thought of in the apparel industry? Is this a fair classification of women? (2 pts)**

Historically speaking, women were the labor force in the apparel or clothing trade, weaving, threading and creating the garments that both genders wore for most of the human history. Historical gender norms in society assigned specific jobs and roles to females. As Rosen (2002) states, “In the Middle Ages, as cloth production became a craft and the trade, women were assigned the less skilled tasks. Industrialization supported this sexual division of labor in ways that continued to maintain women’s subordinate position in the production of cloth and clothing” (p. 23). With this gained “knowledge or experience” in threading and weaving through time, as well as the apparel industries need of hand weaving skills matching the women labor force, thus creating the gender roles that associated females to work in the apparel factories. In today’s society, classifying the apparel industry as a woman’s field would be outdated, a lot of today’s apparel manufacturing involves machinery, automation and no gender specific requirements, men and women are equally able to produce and learn any skill without prejudice. Today, barriers are being broken and gender-neutral workplaces in our society have woman just like man being able to do anything they set out to do especially within fashion.

Women in the apparel industry for Rosen are viewed as vulnerable and treated unjust. As women working in an exploited industry, women face multiple difficulties in dealing with the industry exploits as well as sexist and gender

discrimination. As Rosen (2002) states, “Many of the low wage industrial jobs relegated to women, sewing in particular, required elaborate skills that were nonetheless socially devalued and poorly paid because they were done by women” (p. 24). The terrible working conditions, low wages add onto the terrible reality that women face in patriarchal cultures. It is not a fair classification for women today as they have evolved to join the workforce in many different industries, progressively eliminating gender specific jobs but not forgetting about the history and troubles endured by women in the apparel industry to fight for better working conditions and fair, equal treatment in all fields, continuing to battle exploitation like the EPZ apparel industries and their workforce.

e. What is significant about export zoning? Defend your answer. (2 pts).

Export processing zones are areas labeled special industrial zones where as Rosen (2002) states, “the costs of infrastructure are borne by, and tax relief is provided by, the host government” (p. 25). It’s an environment created to circumvent labor laws, creating factories where regulatory measures aren’t followed, allowing for employers to exploits its workers with lower wages and working standards than the law allows. They allow for foreign investments into these nations that have them because they incentivize them with tax breaks or other incentives such as barrier free trading or no tariffs or quotas at the expense of the abuse of workers, mainly women accounting for over 90% of the work force according to Rosen (2002). While trying to quickly compete in the global economy, the EPZ investments won’t create economic development and growth as instead its workforce and labor force is being depleted and impoverished at the expense of profit seeking ideologies, a trade that isn’t sustainable and won’t generate true progress.

Work Cited

Rosen, E. I. (2002). *Making sweatshops: The Globalization of the U.S. apparel industry*. University of California Press.