

**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)**

After World War II and the implementation of Americas trade liberalization in the Far East the U.S. continued its fight against the threat of communism and goal of a free trade economic system. The second act of this global trade liberalization plan played out in the Caribbean Basin, specifically in the Caribbean, Central America and later, Mexico (Rosen, 2002, p. 129, par 1). Countries such as the Dominican Republic, Jamaica, Nicaragua, Venezuela and Mexico were all integral parts of the shift from implementing the free trade initiative within the Western hemisphere in similar fashions of the ones carried out in Hong Kong, Taiwan and other NIC countries in the Far East. The developments of the Caribbean Basin Initiative accelerated the growth of the apparel and textile industry in the Caribbean and Central America to develop their economies and help these countries grow rapidly becoming essential U.S. trading partners. The second act of trade liberalization changed the apparel and textile industries once again after the impact of the first act in the Far East, once again influencing offshoring operations and creating transformations for all involved.

Reaganomics is a term used to describe the trickle-down, unregulated, free markets view of trading policy. Reagan promoted economic liberalism both nationality and internationality through “trickle-down economics” (Rosen, 2002, p. 121, par 1). President Reagan strayed away from protectionist views from prior presidents and instead used foreign trade policies, including these countries in Central America, the Caribbean and the rest of the Americas to further implement the trade liberalization and free trading economic system for the world. In using these countries in foreign affairs, the U.S. was benefiting from fighting against the growing communist threat of Russia and the Soviet Union and its spread across the globe after the two powers had embroiled into a Cold War.

These countries in the second act were very susceptible to infiltration and control of communism due to their weak governments and unsustainable environments. As Rosen states, in 1981, when Reagan entered the white house, he saw a new communist threat in the Caribbean and central America—a stepchild of the Castro regime in Cuba (Rosen, 2002, p. 129, par 2). Due to the geographical location of these countries, the U.S. sought to maintain power and stability close its homeland and being a gate into Latin America, the fight against the spread of communism was vital. With the growing threat and spread of power of its main enemy, these countries were essential in foreign trade policy in promoting free trade, and economic development of these countries close to U.S. homeland. The economic developments and political stability of these countries would enhance the situation for all countries within this region, specially the dominating U.S. powers. With strategic oil partners and trading routes in Panama and Mexico, the stability of the Americas was vital for the U.S. resources and growth.

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

The countries in Central America were experiencing political turmoil, civil unrest and conflicts during the Reagan era. The Central America region was entangled in civil wars, political uncertainties and social conflicts that created susceptibility to the threat of the spread of communism. “For at least the past hundred years, the U.S. has been extensively involved in the military, political and economic affairs of the Caribbean and Central America” (Rosen, 2002, p. 130, par 1). Through American supported efforts these nations had to deal with continuous authoritarian regimes, creating dependency on the U.S. to trade their natural resources and commodities for capital and support from the U.S. After two oil shocks and world dropping of prices for commodities such as sugar and coffee that were essential to these countries, a debt crisis happened in many countries, leading to a rise of unemployment and poverty furthering the social crises in this region (Rosen, 2002, p. 131, par 1). The U.S imposed its military powers once Reagan gained presidential power and infused economic aid to help restore these nations like they helped develop the Far East countries post World War II.

This scenario in Central America, the Caribbean and the rest of Latin America was becoming to feel reminiscent of the crisis that had developed prior in the Far East. With the growing threat of Red China, the Far East underdeveloped nations were susceptible to the spread of communism and the U.S. had to use its foreign trade agendas to influence these countries into democratic nations that fought against communism and promoted the free trade agenda. This similar scenario

was starting to brew within the rest of the Americas with the growing threat from the Soviet Union and its spread of communism. With Cuba and the Fidel Castro regime becoming a Soviet partner, the spread was becoming imminent and a foreign trade agenda that addressed this threat was necessary for the U.S. to continue its power reign and influence for the free trading economic system. The U.S. would impose its military powers, political influences to establish pro American regimes within Central America that would help in establishing and furthering the CBI to develop these economies (Rosen, 2002, p. 131, par 2). Fighting the threat of communism, the U.S. had to avoid a falling of dominos like nearby Cuba in the Caribbean that had become an ally of the Soviets and imposed communism in their society, fighting the free trade agenda.

- c. **Please research and bring to class two examples of military, political, or economic affairs that occurred in the Caribbean or Central America between 1953 and 1985. Make sure your examples are from credible sources. Why did I ask you to research events in this region? How does it pertain to the chapter entitled, “*The Reagan Revolution*”? (2pts)**

The Cuban Revolution in the 1950s altered the political landscape of the Caribbean and impacted the region drastically. Led by Fidel Castro and his revolutionary movement, the revolution ended with the overthrowing of Cuban dictator Fulgencio Batista in 1959 establishing a socialist, communist government under Castro and his brother Raul Castro (Minster, 2019). Communist Cuba would be a main enemy for years to come for the U.S. eventually affiliating with the Soviet Union during the Cold War. After the Cuban Missile Crisis in 1962 and Bay of the Pig’s incident in 1961, the U.S. established an embargo in 1962, blocking trade with Cuba that until 2015 was upheld and created hardship for this country.

In 1965 the Dominican Republic had a civil war following the overthrow of elected President Juan Bosch by a military coup in 1963. The 1965 rebellion led to the U.S. and its military to occupy the country, establishing a new regime after 14 months of occupation and invasion to fight the previous dictatorship of Rafael Trujillo from recurring. “On Election Day, Bosch lost by eighteen points to the US-backed Joaquín Balaguer, largely as a result of the external intimidation. Upon taking power, Balaguer began funneling nearly all of Dominican Republic’s minerals and sugar into the warehouses of US businesses. His three-decade rule was marked by corruption and fraud. Wages plummeted, unions were dismantled, inflation soared, and unemployment hovered around 30 percent” (Fanning, 2015).

Trujillo being a former ally of Fidel Castro and communist Cuba, the U.S. feared another Cuba like country being a falling domino to the communist threat from the Soviet Union. After Bosch's overthrowing by a military coup seeking old dictatorship governing, the U.S. and President Lyndon Johnson predisposed and manipulated the society and voting process to install a president that aligned with their agendas but also deteriorated the nation with the backing of a failed administration that followed.

These events in this region were essential to this chapter from Ellen Rosen as well as to the political scenario of the world that president Reagan embarked on. The Reagan presidency was focused on fighting the communist threat of the Soviet Union and establishing free trade markets and capitalism in the Caribbean and Central America. The chapter entitled, "*The Reagan Revolution*", and these events are relevant because they involve the foreign trade policies and countries that were vital to the politics of the Reagan presidency. While promoting the free trade liberalization agenda into the Americas and Western hemisphere after the successful implementation and fight against communism in the Far East, these countries were essential for Reagan's mission. The political and economic standing of these countries influenced how the U.S. government managed foreign trading policies and how they fought the communism threat of the Soviet Union during the Cold War. The U.S. being the leading power of the world and democracy post World War II has established an intervention power to mediate and resolve conflicts and political regimes in strategic countries that also empowers the U.S influence and growth at the expense of the underdeveloped nations.

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

**d. 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 (CBI) was a trade policy implemented by the United States during Ronald Reagan's presidential era. The CBI or its official name, "the Caribbean Economic Recovery Act, was a new trade and investment program designed to promote economic development and political stability in this region and to check the spread of Soviet-Cuban influence in the Americas" (Rosen, 2002, p. 129, par 2). In the midst of the cold war and fighting the threat of communism from the Soviet Union, the CBI was essential in implementing the American influence and control within the Americas and the Caribbean. The U.S. and president Reagan envisioned a plan to develop these nearby nations, to later establish the apparel and

textile industries and offshoring operations as they had in the Far East post World War II.

The economic status of a lot of these countries south of the U.S. was underdeveloped, creating a vulnerability within these countries to political risks and to the spread of communism. As Rosen states, “Military support was accompanied by foreign aid, just as it had been in the 1950s and 1960s in Europe and in Japan and other underdeveloped countries in the East Again countries, in order to prevent communist subversion and preserve Americas political and economic interests” (Rosen, 2002, p. 132, par 1). With the unemployment, recession and depressing economic stature of these Central American countries, the U.S. had to restore stability to fight the communist threat while also expanding its trade liberalization agenda while creating more developed trading partners that would benefit all. By incentivizing these industries to be established in these countries, it would create export growth to create employment and restore their economic stabilities.

In trying to develop and spread the U.S. influence and control in these countries, the CBI plan was developed to support new business opportunities with duty free trading and foreign investment promotions that would develop the economies of these nations faster. “An infusion of American capital would become the basis of export-led development, a strategy that had been developed earlier in Japan and the NICs that fueled the Asian Miracles” (Rosen, 2002, p. 132, par 3). Learning from its past and first trade liberalization act of the Far East, the U.S. CBI agenda would create a new region for exports that would restore and lead their economic developments while also benefiting U.S. companies generating profits and the U.S. consumers with lower priced goods. It continued the theme of the U.S benefiting and profiting at the expense of underdeveloped countries with low wages and exploitation of workers while promoting to restore and develop these nations.

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



Fig 1. Central America and the Caribbean Map (Library of Congress)

## Work Cited

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