

**Fashion Economics: FM 4339**  
**Quiz #3: The Introduction**  
**Dr. Adomaitis**

Nargiza Rahmatilloeva

**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. Why did the United States assist Japan in rebuilding their country after WWII in 1945? What was the role of the Supreme Commander of the Allied forces (SCAP) in Japanese reconstruction? (2pts).

After WW II United States made efforts to persuade Asian countries to sell low-cost raw materials like cotton to Japan. The countries of Southeast Asia were Japanese colonies before the war and were subjected to economic and political exploitation that enriched Japan at their expense. Even though there was considerable commerce between Japan and South Asia before the war, most of the previous trading partners were too poor to continue doing so after the war. The United States had raw cotton, but Japan lacked the dollar liquidity to fund the imports required for the occupied country's textile restoration. The United States supplied cotton to Japan's textile industry. Textile production on the other hand was important to maintain the US and Japan trade balance. Supreme Commander of the Allied and the US War Department were in charge of reestablishing the textile trade, which was not left to market forces. It was determined that the US would finance the sale of its own raw cotton supply to Japan (Rosen, 2002, p.30, par.3). SCAP's role was to plan to rebuild the Japanese textile industry. A key part of SCAP's mission in Japan was to organize the population and materials to revitalize the country's industrial production and find markets for new products (Rosen, 2002, p.27, par.3). The restructuring of the Japanese textile industry and its textile exports were an important part of SCAP's great goal.

**(Answer to Scap is also on. Page 32)**

- b. How did Japan become an exporter of cotton textiles? Why was there a conflict about textiles production in Japan? Defend your answer with citations from the book. (2 pts).

**After WW2 when Japanese cotton textile exports began to decrease the U.S. government began shipping raw cotton from U.S. government stocks to Japan. In**

addition, the U.S. government allowed ten former major spinning companies to purchase new spinning and weaving machines. Japan was a major exporter of cotton textiles before World War II, but the war destroyed the industry. However, due to U.S. support, Japan's cotton textile industry miraculously recovered in the postwar period, once again claiming to be the world's largest cotton textile exporter. With the increase in Japanese textile production, a new problem has arisen. The problem was how to find export markets for the growing volumes of Japanese textiles. According to the book, *"The Globalization of the U.S. Apparel Industry: Making Sweatshops. University of California Press"* it states that "The principal markets for Japan's cotton textiles are in Southeast Asia and other colonial areas which are mainly in the sterling bloc. Here lies the primary problem of Japan's postwar textile industry-how to sell in sterling areas and still pay dollars for American cotton"(Rosen, 2002, p.35, par.4). The loss of Japan's pre-war export markets sent Japanese producers back to U.S. and European markets.

- c. What did communism have to do with U.S. trade policy with Japan? China? (2pts)

Trade with Communists China has been smaller and has varied up and down in response to changes in Chinese policy and the economy. Japan has the potential to grow as a political, economic, and potentially military counterweight to Communist China's developing influence (U.S. Department of State, 49, p.3). Answer on pages 45-47

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

- d. Give two (2) reasons why the US had difficulty with finding trading partners for Japan's textile exports?

One of the reason why is because of the difficulty of linking exports to the U.S. dollar. The only countries with dollars are the United States and strategically important for U.S. policy purposes could buy Japanese textiles therefore it was difficult to find trading partners for Japan's textiles exports(Rosen, 2002, p.36, par.1). Another reason was that the US had used dollar loans to fund the purchase of raw goods. Possessing the world's greatest supply of dollars, it made sense for the United States to buy Japanese textiles and encourage other countries with dollars to do the same. However, following World War II, Japan's former colonies in Southeast Asia were unable

and unwilling to acquire Japanese goods since many of them were too impoverished to do so.

- e. What were Hong Kong, South Korea, and Taiwan's role in textile trade in the East?

Both Taiwan and South Korea have strong textile and clothing industries that serve to the domestic market. In Taiwan, the government began to support textile and garment manufacture for export by providing tax breaks to businesses. To attract foreign investment in garment assembly, the government constructed duty-free export processing zones. This form of garment assembly is also a priority for the Korean government, which provides a range of incentives to exporters as well as infrastructure to support the processing of clothes for export (Rosen, 2002, p.47, par.2-3). Hong Kong's textile sector was connected to the British pound bloc in the early 1950s. Hong Kong, being a British Crown territory, had unfettered access to the United Kingdom's textile markets.

Moha.

Work Cited:

U.S. Department of State. (n.d.). U.S. Department of State. Retrieved February 22, 2022, from <https://history.state.gov/historicaldocuments/frus1949v09/d790>

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