

Technology Entrepreneurship: HDCS 4370
Quiz #4: 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. What was GATT and how did it facilitate trade? How did it differ from the Marshall Plan?(2 pts)

The General Agreement on Tariffs and Trade (GATT) was a coalition of capitalist nations. The GAAT's mission was to reconstruct the Atlantic Alliance countries in the postwar world, which was America's top priority after WWII. The GATT's commitment to a continual process of trade liberalization was also in line with America's most pressing economic concerns. The GATT established the framework under which the United States allowed imported goods from Europe to enter its markets(Rosen, 2002, p.56, par.1). Marshall Plan was one of the first elements of European integration and it erased trade barriers and set up institutions to coordinate the economy. Marshall Plan was know for European rebuilding.

- b. On page 57, paragraph 2, Rosen states, “Trade between countries at the same level of development typically involves a relatively equal exchange of labor. Trade between advanced industrial and underdeveloped poor countries, however, is likely to reproduced previous colonial economic relationships...” What is meant by this statement? Where have you learned about colonial economic relationships in class, in the text, or otherwise? Defend your answer. (2pts)

By this statement Rosen means that in most cases, trade between nations with similar levels of development entails a roughly equal exchange of labor. Trade between advanced industrial and developing countries, on the other hand, is likely to re-create historical colonial economic linkages, with low-wage labor substituting commodity exports from developing to developed countries(Rosen, 2002, p.57, par.2). When countries are at the same stage of development, labor is usually exchanged fairly evenly.

- c. Who originally controlled tariffs? Who controlled tariffs in 1934? Why was there this shift in control? Defend your answer with support from the text. (2pts)

In 1934, Congress passed a law on reciprocal trade agreements, giving President Franklin Delano Roosevelt the right to negotiate bilateral tariff reductions with individual trading partners. Tariff cuts were expected to stimulate international trade, according to the text, (Rosen, 2002, p.58, par.52). By 1945, the United States had concluded thirty-two bilateral trade agreements with twenty-seven countries, granting tariff concessions to 64 percent of all duty-free imports and lowering rates by an average of 44 percent.⁵ Secretary of State Cordell Hull was a genius.

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

- d. Rosen, on several occasions throughout chapter 4, discusses the defeat of the French at Dien Bien Phu. Why? Why is the defeat of Dien Bien Phu significant in American history? Why is this important to Congressman who favored protectionism a trade policy? (2pts)

The need to contain communism ultimately won the battle to extend the Reciprocal Trade Act. As debate on the extension of the Trade Agreements Act in 1954 heated up, communist forces defeated the French at Dien Bien Phu (Rosen, 2002, p64. Par 1). When Dien Bien Phu collapsed in Vietnam on May 7, 1954, after two months of fierce fighting, it was the first non-European colonial independence movement to be transformed from a guerrilla group into a regular army. modern western invader.

- e. What was Kennedy's Tripartite compromise? How did this benefit the textile and apparel industry in the US? (2 pts)

Kennedy's Tripartite compromise was legislation creating quotas for East Asia imports. The trade expansion act of 1962, which represented the expiring RTA, last extended in 1958 act (Rosen, 2002, p.72, par.1). In 1960, when John F. Kennedy was elected president, he inherited the "textile crisis." Kennedy shared Truman and Eisenhower's worries about trade liberalization and communist containment, and he was motivated by the same foreign-policy goals.