

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.

(Rosen, 2002, p.84, par.1)

- 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)

Latin America was the setting for the "second act" of trade liberalization. It encompassed a number of Caribbean, Central American, and, after a period, Mexican countries(Rosen, 2002, p.129, par 1).

The CBI, or Caribbean Basin Initiative, was established by President Ronald Reagan to "advance economic growth and stability" in the Caribbean, including the Central American area, by opening new markets and supporting free trade. Aside from that, he ensured that through the CBI, they "can monitor communist interference or spread" that can be stopped(Rosen 2002, p.129 par.2). The United States' relationship with the Caribbean and Central American nations, as well as much of Latin America, was primarily economic. These areas were plagued by crime, corruption, and violence, so the US provided them commercial possibilities as well as economic aid to prevent them from turning to communists for help.

- 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)

El Salvador, a Central American country, was engulfed in civil war in the 1980s, when the country's corrupt administration, backed by the military, executed everyone who dared to defy its ruthless regulations, as well as anyone suspected of promoting economic and social reforms. People became enraged as a result, and began to protest against unjust

practices such as labor mistreatment and political representation. Other countries, such as Nicaragua, Guatemala, and others, have also been oppressed by their rulers. The United States intervened and aided these countries. As Rosen mentioned in the book, (Rosen, 2002, p.132, par. 2) between 1980 and 1992, the US government provided over \$16.8 billion in two-sided aid, mostly to Central American and Caribbean countries for military assistance, monetary adjustment assistance, and financial development assistance.

We can see that history is repeating itself as we witness the Central American Crisis once more. The three Northern Triangle nations are among the world's most dangerous savages, owing to the civil conflicts in El Salvador and Guatemala, which destabilized security systems and flooded the region with firearms.

Now, as a result, President Trump has threatened to cut off help to these nations if they continue to misbehave. This, in my opinion, would be a foolish decision, as it would just make them more violent if they are not helped, and it will also cause serious economic problems, which will have a negative impact on US firms that rely on these Central American nations for their manufacturing operations.

- 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)

I focused my studies on Guatemala (Central America) and Cuba (Caribbean Island). We all know that this part of the world is extremely corrupt, serving as a haven for criminals and Mafias. These countries, on the other hand, were in dire economic straits, suffering from poverty, famine, and other challenges. They had political issues as well as economic challenges, such as regimes that favored crooked enterprises and lacked labor regulations. This resulted in rebellions that claimed far too many lives for far too little gain. I chose these two countries because of US participation in their affairs, whether through the CIA or the Central American Agency.

The United Fruit Company, popularly known as "LaFrutera," controlled nearly everything in Guatemala in the 1950s, employed 40,000 people, and was not a Fair Trade company. Workers had little rights, and this American corporation had politicians in its pocket. Years later, a democratically elected president called Jacob Arbenz took office; he was a reformer who sought to bring about change. He intended to provide land to the needy and enhance education, but he was clearly not a communist in any way! Workers at UFC go on strike with the support of a decent politician, but instead of satisfying their demands or complying with labor rules, UFC dismisses all of the strikers.

General Fulgencio "Batista" was the dictator of Cuba, and he was backed by the United States. Havana, the capital of Cuba, was a hotspot for all types of crimes and illegal operations. Cubans were angry at the United States' meddling in their country. After several years of guerrilla combat, Fidel Castro, a reformist and popular figure, ascended to power. The US was furious with Cuba, so it banned commerce with them and stopped supplying them with military equipment and crude oil. When the Soviet Union offered Castro assistance, he accepted. This was a major factor in Cuba's communist transformation.

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 CBI stands for "Caribbean Basin Initiative," which was formed in 1983 by the Reagan administration. According to Rosen, the CBI was created to reestablish traditional trade, speculative, and financial ties between selected Caribbean nations, Central America, and the United States (Rosen, 2002, p.134, par.3).

The purpose of creating programs to support new business options in the Caribbean was to give economic assistance by assisting people in starting new firms. If the United States does not step in to assist these nations, they will either turn to communists for assistance or isolate themselves.

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

