

**BUF 4300: Global Sourcing & International Trade Policy**  
**Final Essay Exam**  
**Spring 2024**  
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1. Why was the Caribbean Basin Initiative crucial for Reaganomics? Explain the significance of as it relates to Rosen (1) *Manuel Noriega* (2) *the Contra Army* (3) *Sandinistas* and (4) *Fidel Castro*? How important was the Panama Canal? Answer each in a well-detailed paragraph of their own. **Use outside sources. Be sure to in-text cite A& E Biographies of both Manuel Noreiga and Fidel Castro.**

The Caribbean Basin Initiative (CBI) was significant to Reaganomics, it was consistent with Reagan's economic strategy of promoting free-market ideas and opposing communist influence in the Western Hemisphere (Polanyi-Levitt, 1985, p.31). The CBI attempted to boost economic growth, to improve regional stability, and socialist tendencies by giving Caribbean and Central American countries economic support and commercial access (Rosen, 2002, p.129). This strategy improved market access for U.S goods and investments, to stimulate the region by increasing exports. The CBI acted as a strategy for spreading U.S influence and limiting Soviet expansion throughout the Cold War period. Both the CBS and Reaganomics were implemented to align with Central American nations to prohibit the invasion of communism. The United States utilized trade deals and economic assistance to deepen their involvement in the region.

*Manuel Noriega* was a *Panamanian* dictator from 1983-1989. *Noriega* had a complex relationship with the United States (Sayare, 2010, p.2). Political instability, corruption, and human rights violations were prominent in *Noriega's* administration; it had an influence on *Panama's* economic and social environment. *Panama* was suspended by the CBI due to *Noriega's* involvement in drug trafficking and lack of cooperation with the U.S. The CBI was part of the U.S. strategy to promote economic development and stability in the Caribbean and Central America as a means of countering communist influence. By promoting economic and political stability in neighboring countries, the CBI indirectly put pressure on *Noriega's* administration to reform and risk being isolated.

The *Contra Army*, known as the *Contras*, during the 1980s. The Reagan administration's support of the *Contra* rebels fighting against the *Sandinista* government in *Nicaragua* coincided with the implementation of the CBI (Helgeland, 1974, p.162). The primary goal was to promote trade and investment in the Caribbean and Central America. The CBI offered trade agreements and economic aid to countries in the region, excluding *Nicaragua* due to its socialist policies and alignment with the Soviet Union. This exclusion put economic pressure on the *Sandinista*

government, making it difficult for them to obtain resources. The CBI indirectly diverted U.S. resources away from direct military support for the *Contras*. By promoting economic development, regional stability, and political pressure on the *Sandinistas*, the CBI weakened the *Sandinista* government and strengthened the *Contras*, due to the end of the *Contra War*.

The CBI intentionally excluded *Nicaragua* from its trade preferences and economic benefits due to the *Sandinista*'s socialist policies and close ties with the Soviet Union and (Ripoll, 2022, p.10). This exclusion further isolated the *Nicaraguan* economy, hindering its ability to export goods and access international markets. Resulting in economic hardship amongst the population weakening the *Sandinista* government's power. The CBI's trade agreements and economic benefits were extended to most countries in the Caribbean and Central America, except for *Nicaragua* under the *Sandinista* government. This exclusion meant that *Nicaraguan* exports did not enjoy the same duty-free access to the U.S. market as their neighbors, making it harder for them to compete and prohibit economic growth. This put a strain on the *Nicaraguan* economy and contributed to the discontent with the *Sandinistas*. This increased political pressure on the *Sandinistas* to adopt democratic reforms and negotiate with the U.S.

The Caribbean Basin Initiative had effects on *Fidel Castro's* the Cuban revolutionary leader. *Castro's* revolution *Cuba* in 1959, his alliance with the Soviet Union, constituted a direct challenge to U.S control within certain areas (Walters & Castro, 1977, p.28). The United States retaliated with economic penalties, trade embargoes, and covert activities to destabilize *Castro's* administration, escalating into Cold War tensions. The CBI was part of a broader U.S. strategy to isolate *Cuba* and pressure the *Castro* administration. By providing economic incentives to neighboring countries, *Castro's* rejection of American control throughout *Latin America*, particularly the *Sandinistas* in *Nicaragua*, had consequences for regional politics and commercial relations. *Castro's* effect sheds light on the affected labor conditions and trade policy in the Americas during this time.

The *Panama* Canal is significant not just for its nautical function, but also for its impact on U.S economic interests and regional stability (State Department, 2023, p.15) The *Panama* canal serves as a gateway between the *Atlantic* and *Pacific* Oceans, as a result allows for the movement of products, lowering transit times and costs on international commerce routes. The canal boosted the economies of many countries, particularly those in the Americas, by facilitating trade and opening of new markets. The *Panama* canal has played a significant role in military operations throughout history, allowing for the rapid deployment of naval forces between the *Atlantic* and *Pacific*. The CBI aimed to boost trade and economic development in the Caribbean region, and the *Panama* Canal was a gateway for imports and exports.

What is the significance of Noriega extradition to Paris, France? *How does this relate to the time he was Panama's dictator? How does this relate to the one of the somewhat recent political situations in Nepal and Citizen-led Protest that led to Brihat Nagarik Andolan(BNA)?* Please correctly cite in-text citations in APA and be sure to use outside references. Be sure to show application from your knowledge of this course.

The extradition of *Manuel Noriega* to Paris, France represented a step towards holding *Noriega* accountable for his crimes committed not only in *Panama* but also internationally (Dinges, 1992, p.31). While he had already served time in the U.S. for drug trafficking. The *French* trial focused on money laundering charges related to illicit funds deposited in *French* banks, narcotics trafficking, and racketeering. *Noriega* was charged with various crimes. The trial and conviction of *Noriega* in *France* served as a symbolic victory for the victims of his regime and a reminder that powerful figures are not immune to the law. It also sent a message to other dictators and corrupt officials that they could be held accountable for their actions even after leaving power. *Noriega's* transfer to *France* demonstrated continuous international collaboration in combating transnational crime and pursuing justice for victims.

*Manuel Noriega's* extradition to *France* in 2010 was directly linked to his actions as dictator of *Panama* from 1983 to 1989. As dictator, *Noriega* gathered significant wealth through various corrupt means, including drug trafficking, bribes, and embezzlement of state funds (Archibold, 2017, p.2). The money laundering charges in *France* focused on his use of *French* banks to conceal and legitimize illegal gains, and collusion with drug cartels. *Noriega's* extradition emphasizes his acts and the worldwide impact in *Panama*. This marked a departure from the autocratic age that defined *Panama* under *Noriega's* administration. *Panama* could focus on rebuilding its institutions, strengthening its democracy, and the rule of law.

While the situations in *Panama* under *Manuel Noriega* and *Nepal* during the *Brihat Nagarik Andolan* (BNA) are distinct. Civilians protested governmental corruption and authority. As *Noriega's* administration in *Panama* faced anger over its harsh practices, *Nepal's* BNA arose in reaction to similar issues about governance and accountability (Whitney et. al, 1991, p.28). International pressure contributed to the final results in both outcomes. While the U.S. military intervention in *Panama*, it was a more direct form of intervention. In *Panama*, *Noriega's* removal paved the way for democratic elections and a new constitution. In *Nepal*, the BNA led to the abolition of the monarchy and the establishment of a republic.

2. Rosen discusses “Free Trade,” the end of quotas and tariff reductions. As noted several times in the book, trade policy for apparel has often been led by political agendas. *State (cite) a time in history when trade policy was in fact, affected by a country’s political agenda.* How would trade change if negotiations were made to have US apparel made in sub-Saharan Africa cited by both Rosen and The Diana Sawyer interview? *In your own words, what newsworthy events were reported about Venezuela’s President Hugo Chavez, Chilean President Pinochet, and Russian President Vladimir Putin that would affect foreign policy in the United States? Use three (3) additional outside sources. Answer each in a separate paragraph.*

A prominent example of trade policy being influenced by a country's political agenda is the Smoot-Hawley Tariff Act of 1930 in the United States. A protectionist trade policy implemented, with the intention of shielding American businesses and farmers from foreign competition during the Great Depression (Irwin, 2011, p.40). The act, sponsored by Senator *Reed Smoot* and Representative *Willis C. Hawley* raised tariffs over 20,000 imported goods to record levels. This was done in hopes of increasing domestic production and employment by making foreign goods more expensive. However, the act’s implementation had unintended and severe consequences. The Smoot-Hawley Tariff Act triggered a wave of retaliatory tariffs from other countries, which significantly hindered international trade. In 1934, Congress passed the Reciprocal Trade Agreements Act, granting the President the authority to negotiate bilateral trade agreements with other countries. This marked a major change in U.S. trade policy, moving away from unilateral protectionism towards a more cooperative and reciprocal approach.

If negotiations were successful in shifting a significant portion of U.S apparel manufacturing to *Sub-Saharan Africa*. *Sub-Saharan Africa* would become a significant manufacturing center for apparel, pushing out rival manufacturing centers like *China*, *Bangladesh*, and *Vietnam* (Rosen, 2002, p.206). Rosen argues, this shift would reshape the global supply chain for clothing. Increased apparel manufacturing and stimulate economic growth by creating jobs, increasing incomes, and attracting investment in infrastructure and technology. Shifting apparel manufacturing from *China* to *Sub-Saharan Africa* offers benefits for the United States. Labor costs in *Sub-Saharan Africa* are generally lower than in *China*, leading to lower production costs for U.S companies. This could change competitive pricing for American consumers and increased profitability for businesses.

Shifting apparel production to *Sub-Saharan Africa* would entail significant changes in global trade dynamics. *Sub-Saharan Africa* has the highest rates of extreme poverty globally, with millions lacking access to basic necessities like food, clean water, healthcare, and education. The United States has a vested interest in getting involved in *Sub-Saharan Africa* (Sawyer interview, 2008). As discussed and supported by insights from the *Diana Sawyer with Brad Pitt* interview. In a 2008 interview with *Diane Sawyer*, *Brad Pitt* discussed his involvement with the ONE Campaign, an organization dedicated to fighting poverty and preventable diseases and

fighting the stop of AIDS, particularly in *Africa*. *Pitt* emphasized the campaign's focus on advocacy and raising awareness, rather than simply providing handouts. He also spoke about traveling to *Ethiopia* to witness firsthand the impact of microcredit programs, which provide small loans to individuals to help them start or expand businesses. *Pitt* expressed his belief in the potential of such programs to empower individuals and communities to create sustainable change.

*Hugo Chavez's* Presidency in *Venezuela* had significant implications for U.S foreign policy (Berwick, 2019, p.2). Chavez forged alliances with other anti-American leaders like *Fidel Castro* of *Cuba* and *Mahmoud Ahmadinejad* of *Iran*, further isolating *Venezuela* from the U.S. Both *Cuba* and *Iran* had long-standing relationships with the U.S, marked by political differences, economic consequences, and security concerns. This alliance took away joint military exercises, economic cooperation, and political solidarity from the U.S. and *Venezuela* provided oil to *Cuba*, boosting its economy, and supported *Iran's* nuclear program, defying international sanctions. This created a united front against the U.S, amplifying anti-American sentiment and making it difficult for the U.S to achieve foreign policy.

*London, 1998*, the arrest of former Chilean Dictator *Augusto Pinochet* in *London* sent concerns across the region. Sparking debate about human rights, international law, and the relationship of U.S foreign policy in Latin America (Britannica, 2024, p,1). *Pinochet* was detained on a Spanish warrant for human rights violations committed during his administration. This event brought international attention to the issue of human rights abuses in *Chile* and put pressure on the U.S., which had supported *Pinochet* during the Cold War, to reassess its relationship with Chile. The arrest and legal battles surrounding *Pinochet's* extradition, led to increased scrutiny of U.S. foreign policy in *Latin America*. It also sparked debate within the U.S. about the role of international law and universal jurisdiction in prosecuting human rights violations.

Russian President *Vladimir Putin's* foreign policy and attempts to regain *Russia's* prominence in international affairs (McFaul, 2020, p.113). *Putin's* annexation of *Crimea* in 2014 strained *Russia's* ties with the United States and its allies. This was followed by military action in *Syria* and elections in the West. Western nations imposed sanctions and tensions increased. This resulted in aggressive measures of the *Kremlin*, which included misinformation campaigns and cyberattacks. The U.S changed its foreign policy in response to these events. The U.S government increased its military presence in Eastern Europe. It also attempted to use diplomacy to hinder *Russia* aggression. *Putin's* policies are still influencing larger dynamics and U.S and *Russian* ties.

3. Discuss how (1) job loss, (2) lower wages, (3) pressure for retail profitability, and (4) trade liberalization affect an overall benefit to consumers who purchase apparel goods. (4 paragraphs). Are consumers paying lower prices for apparel? If so, why is high fashion apparel so expensive? Defend your answer with a citation and be sure to include the significance of tariffs.

Job loss significantly impacts consumer spending on apparel goods (Rosen, 2002, p.20). Reduced income forces individuals to prioritize essentials like food and housing, leading to decreased spending on clothing. Consumers may become more price-sensitive, seeking discounts and cheaper alternatives. Consumers may also delay or layaway major purchases like cars or vacations until one's financial situation improves. Overall, job loss prompts individuals to adopt a more economical approach to clothing shopping, focusing on practicality, value, and necessity. Navigating the financial and emotional challenges of unemployment.

Lower wages can impact consumers who purchase apparel goods (Rosen, 2002, p.21). Lower wages can raise ethical concerns about labor exploitation and poor working conditions in the apparel industry. Rosen, discusses how sweatshops in countries like *Bangladesh* and *Cambodia* have led to a downward pressure on wages in the global garment industry. Ultimately benefiting consumers in developed countries who enjoy affordable clothing prices. Lower wages might discourage skilled workers from joining the apparel industry, leading to a shortage of talent and hindering innovation in design and production. Lower wages reduce consumer's purchasing power and limit their ability to afford higher-priced, better-quality apparel goods.

Pressure on retail profitability can have a complex impact on consumers who purchase. From the competitive nature of the global apparel industry (Rosen, 2002, p.105). Retailers often face intense competition to offer the latest trends, at the lowest prices to attract consumers. This pressure trickles down the supply chain, leading to demands for lower production costs from manufacturers and suppliers. As a result, manufacturers may resort to outsourcing production to countries with lower labor costs and fewer regulations, exacerbating sweatshop and exploitation issues. Rosen discusses how this pressure for profitability drives retailers to seek cheaper sourcing options, which can continue the cycle of low wages and poor working conditions in the garment industry. Impacting consumer choices and prices

Trade liberalization has led to increased global competition and the multiplication of outsourcing practices (Rosen, 2002, p.16). By companies seeking lower production costs, this can lead to lower prices for consumers. It also puts pressure on domestic manufacturers and workers to remain competitive. According to Rosen, the push for trade liberalization has been influenced by political agendas and economic ideologies, shaping the structure of global apparel. Trade liberalization can also lead to job loss in domestic apparel manufacturing industries as companies may relocate production to countries with lower labor costs. This can negatively impact local communities and economies.

Yes, during economic downturns or periods of slow growth, retailers may offer discounts and promotions to stimulate consumer spending (Pucker, 2024, p.5). This can cause lower prices for apparel as retailers seek to clear inventory and attract customers. Retailers often offer discounts on apparel during seasonal sales events, such as end-of-season clearance sales or holiday promotions. Consumers can use these sales to purchase clothing at lower prices. High fashion apparel, or haute couture, is priced significantly higher than regular consumer apparel. High fashion brands cultivate an image of exclusivity and luxury. Their garments are often produced in limited quantities, making them more desirable and expensive. In some cases, tariffs imposed on imported materials or finished garments can increase the cost of high fashion apparel. These tariffs are taxes levied on imported goods and are often passed on to the consumer in the form of higher prices. For example, the U.S. imposes tariffs on certain textiles and apparel imported from China, which can affect the cost of high fashion garments made with those materials. Additionally, trade liberalization can intensify issues related to labor rights and working conditions in countries where regulations may fluctuate.

How has the *profitability paradox* changed the way retailers do business? List and describe at least two ways the industry has prevailed during this time of retail flux (instability) and cite each reason. Explain how recent New York laws are affecting retail profitability, retail rents, and higher consumer prices citing Bidenomics along with other influences using three (3) outside sources to defend your answers.

Retailers are now prioritizing profitability over sheer growth (Soulis, 2023, p.12). Retailers are carefully evaluating the return on investment (ROI) of their initiatives and focusing on strategies that generate sustainable profits. Such as optimizing pricing, improving inventory management, and reducing operational costs. To navigate this contradiction, many retailers have adopted various strategies. Implementing advanced data analytics to enhance the omnichannel shopping experience to drive sales both online and offline, and their product offerings to appeal to a wider customer base.

The retail industry has faced significant instability in recent years, such as changing consumer preferences, the rise of e-commerce (Bugembe, 2022, p.2). Retailers have increasingly embraced e-commerce and omnichannel strategies to reach a wider audience and provide a seamless shopping experience across various channels. This includes developing robust online platforms, offering click-and-collect options, and integrating online and offline inventory management. E-commerce has experienced unprecedented growth in recent years, accelerated by the COVID-19 pandemic. Consumers are increasingly turning to online platforms for their shopping needs due to convenience, wider product selection, and competitive pricing.

Artificial intelligence and machines learn to enhance the online shopping experience, personalized product recommendations, and streamline order fulfillment processes (Langford, 2023, p. 4). Hence, improving operational efficiency and customer satisfaction. AI-powered tools are transforming the way customers shop online. Chatbots and virtual assistants provide instant customer support, answer queries, and guide customers through the purchase process. Personalized product recommendations, driven by AI algorithms that analyze customer data and preferences, and help customers discover relevant products increasing their chances of making a purchase. Visual search tools allow customers to search for products using images, making the shopping experience efficient.

Intense competition within the retail industry, driven by the rise of e-commerce platforms and global market, can put pressure on profit margins, as retailers strive to attract and retain consumers while maintaining competitive pricing prices (Kundnani & Milberg, 2024, p.21). Minimum wage laws can affect retail profitability by increasing labor costs for retailers. In New York, for instance, there have been efforts to raise the minimum wage to fifteen dollars per hour. Changes in sales tax regulations, such as adjusting tax rates or expanding taxable goods and services. New regulations related to employee benefits, scheduling, or working conditions can impact retailer's operational costs and their profitability. This relates to Bidenomics and includes proposals for changes such as infrastructure spending and direct payments to individuals.

Landlords may be more cautious about investing in commercial properties due to increased regulations and tenant protections (King, 2024, p.2). Demand, real estate trends, and economic conditions, create uncertainty for retailers and impact long-term planning and budgeting efforts. Retail rents are closely tied to government policies, which can influence supply and demand in the commercial real estate market. While the intentions behind the proposed laws are often to protect small businesses, there's the risk of unintended consequences, such as increased costs for landlords, which could eventually be passed on to tenants in some form. Bidenomics includes proposals to raise taxes on corporations and high-income individuals. Higher corporate taxes could impact commercial Real Estate Investment trusts (REITs) that own retail properties, potentially affecting their profitability and investment decisions.

When inflation occurs, consumers experience higher prices for goods and services, which can affect purchasing decisions and overall standard of living. Inflation is driven by increased production costs, such as wages, raw materials, and energy prices (Smart, 2023, p.1). When businesses face higher production costs, they pass the costs onto consumers by raising prices on goods and services. For example, if the cost of manufacturing clothing increases due to higher wages or raw material prices, clothing retailers raise prices to maintain profit margins. Bidenomics includes proposals to raise taxes on corporations and high-income individuals to fund social programs and infrastructure investments. While these policies can redistribute income and support investments in public goods, it can also affect business costs and consumer prices.

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