

**Fashion Economics: FM 4339**  
**Quiz #3: The Introduction**  
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**Rosen, E. I. (2002). The Globalization of the U.S. Apparel Industry: Making Sweatshops. University of California Press.**

1. 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).

The United States assisted Japan in rebuilding their country after WWII in 1945 under the control of General MacArthur's. This allowed Japan to rebuild politically, economically, and industrially. A significant reason was, reviving Japan's textile production the U.S helped reconstruction of Japan's pre war textile industry (Rosen, 2002, p.27, par 1). The U.S tried to persuade Asia to supply Japan with low-cost material such as cotton. However, Asia had been colonized by Japan before the war. As a result, it led to economic exploitation that benefited Japan. Both Asia and Japan were manipulated into trade deals that relegated to exporters more expensive manufactured goods from Japan (Rosen, 2002, p.30, par 2).

The role of the Supreme Commander of the Allied forces (SCAP) in Japanese reconstruction aimed to enable Japan to manufacture textiles for export. As a result, earning foreign exchange of products urgently needed at the time (Rosen, 2002, p.27, par 3). Raw cotton, crucial for textile reconstruction after World War II, was available in the U.S, Japan lacked the dollar needed to finance these imports. The U.S decided to produce its own raw cotton supplies to Japan. SCAP authorized its first shipment in June 1946. SCAP facilitated barter arrangements where Japan could exchange yen or commodities which helped Japan's limited dollar (Rosen, 2002, p. p.30, par 3).

**2. 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).**

Japan became an exporter of cotton textiles between 1951 and 1955, after World War II, the U.S had a cotton surplus and sought ways to export it. Japan had access to cotton through importation from the United States. The textile mission departed from Japan, Senator James Eastland, a cotton producer, proposed the Eastland bill. The bill aimed to allow the United States access to finance cotton to the Japanese dollar (Rosen, 2002, p. p.35, par 2). Efforts to restore the silk industry were unsuccessful, as silk cotton offered quicker and more affordable production for Japan. In 1949, funding by Congress, the cotton lobby, and SCAP enabled Japan's textile industry to export cotton at increasing rates (Rosen, 2002, p.35, par 4).

The conflict about textiles production in Japan, William Borden argues that the United States Department's primary concern wasn't Japan's dollar shortage. But rather the rising power of communist China. One believes, rebuilding Japan's textile industry as a way to create a "workshop" that can compete with China and prevent movements in Asia. The United States wanted to break Japan's pre-war relationship with China. This policy created friction with Japan's textile production and imposed embargo on China (Rosen, 2002, p.37, par 5).

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

During the Cold War, the U.S prioritized rebuilding Japan's textile industry. The U.S was not only interested in low-cost production of textiles. (Rosen, 2002, p.38, par 2) states, during the 1950's rebuilding the textile industry in Japan was significant in maintaining communism, political, and economic alliances would connect Japan with Western democracies. The Eisenhower administration focused on policies against communism, and the Cold War alliances. Eisenhower enacted new legislation aimed to support raw cotton exports and increased imports of Japanese textiles. As a result, it would strengthen Japan during the Cold War strategy against communism in the Far East.

Communism has to do with U.S. trade policy with China, the U.S view China as a threat to global stability, the U.S wanted to stop China from maintaining the spread of communism. The U.S imposed trade restrictions that prohibit China, from 1950-1953 both North Korea and China became isolated. According to (Rosen, 2002, p.38, par 6), the loss China took in 1949, followed by alliance with the Soviet Union created concerns. The policy allowed the U.S, to stop trade in the textile industry and maintain its economic advantage. Furthermore, by restricting access to the US market, the government aimed to restrict import and export by cheaper goods produced in communist countries like China and not allowing access to the U.S market.

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

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

One reason the U.S had difficulty with finding trade partners for Japan textile exports, man made fibers had an impact on the apparel industry. With low-wage apparel from Asian mills flooding U.S. markets. In the U.S 65% of machinery made it difficult to compete with cost. Despite increasing productivity, wages in the US textile industry dropped significantly compared to other industries (Rosen, 2002, p.49., par 4). Before 1947, trade between the US and Japan was controlled by governments, limiting market access and potential competition. This led to challenges in textile export and low cost manufactured products.

Another reason the U.S had difficulty with finding trade partners for Japan textile exports, new cotton supplies hindered SCAP's plans for producing and exporting textiles, causing delays and disrupting on schedule production. This shortage sparked the first post-war trade between the U.S and Japan (Rosen, 2002, p.30, par 2 ). Japan's textile production was successful because of the Draper Commission's solution for financing American cotton exports. Difficulties linking the U.S dollar brought challenges such as international trade, financing, and currency exchange. As a result both Japan and the U.S had limited market opportunities due to political and economic factors which led to countries in the Far East to continue to export textile cotton (Rosen, 2002, p.35, par. 5).

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

Hong Kong, South Korea, and Taiwan's role in textile trade in the East in 1948, limitations on foreign businessmen entering Japan were removed, opening doors for potential relationships and trade opportunities. Countries like Hong Kong and Taiwan had significantly lower labor costs compared to the US (Rosen, 2002, p.49, par 4). The U.S provided financial assistance to South Korea from 1945 and 1958, exceeding \$2.6 billion, before and after the Korean War. This aid helped a substantial portion of South Korea's GNP and foreign exchange, as a result impacted the economy. According to (Rosen, 2002, p.44, 2)Textiles, paper, housing, fertilizer, flour, alcohol, glass, pottery, livestock, construction, warehousing and trade Amsden argues that this, resources created opportunities for the Rhee government to export products

Hong Long, Taiwan, South Korea support, low labor costs, and export focus to build thriving textile for cotton.

References:

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