

**Fashion Economics: FM 4339**  
**Quiz #7: The US Textile Industry**  
**Chapters 8**

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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)

The "second act" of America's trade liberalization process took place in Latin America. This development occurred within selected countries across the Caribbean, Central America, and eventually Mexico (Rosen, 2002, p.129, par. 1). Although U.S apparel manufacturers exported production in Mexico and selected parts of the Caribbean and Central American countries. During the 1970s, Reagan's Caribbean Basin Initiatives second act introduced in the 1980s that the shift occurred. These initiatives made it easier for companies to move assembly operations to Latin America. It forced the Reagan administration to look for alternative overseas places in Latin America.

The second act of trade liberation in the Caribbean and Central America included countries like Saint Kitts and Nevis, Saint Lucia, Saint Vincent, Antigua and Barbuda, Aruba, Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, Montserrat, Netherlands Antilles, Saint Lucia, Saint Vincent. The trade liberalization further made its way to Central America, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama (Caribbean and Central America map). It aimed to access the U.S market to trade lower cost for textile and apparel. This initiative helped foreign companies to invest in manufacturing and other sectors within the Caribbean and Central America. Additionally, reduce tariffs and trade barriers, facilitating an increase in trade.

Reaganomics shaped U.S foreign policy towards Caribbean and Central American countries by prioritizing economic interests to combat communism and strengthen American influence in the region. The Caribbean Basin Initiative (CBI) policy offered trade benefits and encouraged U.S investment in these countries (Rosen, 2002, p.131, par.1.). The CBI, with its trade benefits, accelerated US textile and apparel firms moving assembly operations to the Caribbean and Central America. Reaganomics and CBI policies were part of a broader shift in the global economy. Manufacturing was moving away from high cost products in the U.S towards

developing nations. Global Economic Influence these policies reflected a larger shift within Reaganomics to restructure trade and industry.

Reaganomics, the Caribbean Basin Initiative (CBI), and the U.S apparel and textile industries relationship emphasis free markets and reduced tariff. A favorable policy environment for US businesses to relocate manufacturing overseas (Rosen, 2002, p.132, par. 5). The CBI increases the process for the apparel and textile industries by providing trade benefits for Caribbean and Central American countries. This approach was intended to increase. The relationship shift, improved job opportunities for the U.S. The goal was to stimulate investment, innovation, while enhancing the overall economy of the United States. The CBI represented a significant aspect of Reaganomics, promoting free trade and economic integration in the Caribbean and Central American region while also influencing the strategic decisions of U.S. businesses in the apparel and textile industries.

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)

In the 1980s, several countries in Central America, such as El Salvador, Guatemala, and Nicaragua, were embroiled in civil wars and political turmoil. These conflicts were fueled by ideological divisions, socio-economic inequality, and Cold War dynamics (Rosen, 2002, p.131, par. 2). During the Cold War era, the United States developed a foreign policy approach for Latin America centered on military support and foreign aid. This strategy aimed to prevent the spread of communism and protect American interests in the region. It drew parallels with earlier policies implemented in Europe, Japan, and other parts of East Asia during the 1950s and 1960s.

History repeats itself in Central America, is the U.S involvement in Nicaragua. Decades ago, the US backed the authoritarian Somoza regime due to anti-communist fears and a focus on protecting business interests. However, this support fueled the Sandinista Revolution.(Walker, Parker, Orozco 2023, p.1, par.6). The U.S then funded the Contras to fight the Sandinistas, aiming for immediate stability but instead contributing to a brutal civil war. Today, former Sandinista leader Daniel Ortega rules Nicaragua in an increasingly authoritarian way, drawing comparisons to the Somoza era. This highlights a pattern of US support for authoritarian leaders, a focus on short-term stability over genuine democracy, and the potential instability and conflict within Central America.

One's opinion, the United States' response to the Central America crisis would emphasize diplomatic, economic, security, and import and efforts (Rosen, 2002, p.132, par.1.). Given the proximity of Central America to the U.S. and the potential impacts of instability on regional

security there would be a strong incentive for the U.S. to address the crisis. Between 1980 and 1992, the US financed a significant amount of money, \$16.8 billion, into specific countries within Central America. The US feared that communist or socialist movements gaining power in Central America could align with the Soviet bloc, posing a threat to US influence in the region. Failing to assist them would only make them more aggressive, due to severe economic issues that will negatively affect U.S businesses that depend on Central American countries for their manufacturing activities.

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)

One remarkable event in the Caribbean between 1953 and 1985 was the Cuban Revolution. Which began in 1953 and resulted in the social state headed by Fidel Castro. This relationship started the American search to contain the spread of communism that continued for several decades until the fall of the Soviet Union (Educational Foundation). The revolution took the form of a direct reaction to the way Washington DC had propped up the Batista regime. It generated a series of military and political clashes such as the Bay of Pigs invasion in 1961 and the Cuban Missile Crisis in 1962, which went beyond the confines of the island nation.

The 1953-1985 period in the Caribbean and Central America, one can see it through the Cuban Revolution and USA's military invasion of Nicaragua. One of the direct important events that shows detail on the Reagan administration (Field Jr., 2019, p.1, par 4). The active military involvement has a clear message, that proves the administration is ready to engage in military intervention to fight against communism. The most controversial aspect of Reagan's foreign policy was the emphasis on power and the promotion of democracy across the globe. As a result, it is different from the policies of previous administrations in numerous aspects. The real-life examples illustrate how the Reagan administration encountered various contentions posed. The U.S. support of the Cuban Revolution and Nicaraguan intervention, determined the path of the Cold War and global politics in the 1980s.

The reason for a closer examination of the Caribbean and Central America situation between 1953 and 1985. Describes the geopolitical context of the Cold War and its effect on international policy during Reagan's presidency. These regions became the epitome of the Cold War defeat, where the U.S played a significant role in the battle against the threats perceived. As

a result, posed risks to national security and ideological position (Field Jr., 2019, p.13, par.1 and 2). This helps one understand the strategy and aims maintained in Reagan's administration of U.S. foreign policy, significantly in priority on military intervention, freedom, and capitalism as the topmost components of an open society.

The period of the Reagan Revolution characterized by a stronger militant anti-communist stance is reflected by the US. Actively relating to the Caribbean and Central America at this time. The effect of the Cuban Revolution and Grenada invasion substantiate that the Reagan administration had a strong determination to restraint the Soviet impact in the Western Hemisphere (Educational Foundation). The tutorial shows that the administration decided to employ military force to protect the U.S. interests and democracy. Which came after a turning point in the US foreign policy that focused on military strength and crowded actions against all perceived threats of global stability and American hegemony.

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 Caribbean Basin Initiative (CBI), also known as the Caribbean Basin Economic Recovery Act, was a U.S. program designed to help Caribbean and Central American countries in two ways ( Rosen, 2002, p.129, par. 2). The first goal was to stimulate their economies by letting them sell their products to the U.S. without paying import taxes. The second goal was political, the U.S. wanted to stop the spread of communism from places such as the Soviet Union and Cuba . As a part of an anti communist plan, the textiles and apparel industry were brought back into the initiative. This advantage allowed Cuban and the Soviet Union to price their products more competitively, boosting their market share and export revenues in the United States.

Program development to assist new business prospects in the Caribbean was multifaceted. Encouraging entrepreneurship, investment, and the creation of jobs, these efforts sought to promote economic growth and development within the region (Rosen, 2002, p.134, par.3.)The goal of developing initiatives encourages new business ventures in the Caribbean. These countries will either isolate themselves or look to communists for aid if the United States does not intervene to help them. Additionally, initiatives aimed to diversify the economy, lower unemployment, and increase revenue for regional communities by offering incentives and resources to companies looking to open and grow in the Caribbean. Additionally, supporting new business opportunities was seen as an economic opportunity.

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



## References

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