

Fashion Economics: FM 4339
Quiz #2: The Introduction
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Rosen, E. I. (2002). The Globalization of the U.S. Apparel Industry: Making Sweatshops. University of California Press. 7

Please answer to the best of your knowledge the following essay question. Use detail where appropriate. Remember grammar, punctuation & spelling count.

- a. Do past international theories of explaining international trade (classic theorists) facilitate an understanding of trade policies today? If yes, then why? If not, then why not? (2pts).

Yes, past international classic theorists such as Adam Smith, David Ricardo, and Heckscher-Ohlin continue to provide valuable insights into trade policies today by emphasizing the advantages of specialization and exchange based on relative efficiencies, they primarily laid the groundwork for understanding international trade with concepts like comparative advantage. This principle suggests that countries should specialize in producing goods or services where they have a lower opportunity cost compared to other countries. Additionally, factor endowments, which encompass the quantity and quality of resources such as land, labor, capital, and natural resources like minerals or oil, also shape trade dynamics.

However, it's important to recognize that these theories may not fully account for the complexities of modern global trade. Markets are open and contestable to manipulation by those who have the power to do so (Rosen, 2002, p. 18). Factors such as the influence of multinational corporations, non-tariff barriers, and the impact of technology on trade patterns add layers of complexity that classic theories might not adequately address.

- b. What is GATT? Explain in your own words. How has or would it ensure world peace? Has it worked? (2 pts).

According to Rosen GATT, the General Agreement on Tariffs and Trade was established in 1947 to promote international trade by reducing barriers such as tariffs and quotas (Rosen, 2002, p. 14). The primary reason for GATT is to stop damaging trade wars by discouraging countries from using protectionist policies. There are many benefits to GATT, it helped create a fair environment for global trade by

encouraging countries to make fair trade deals with each other, making sure all members are treated equally. Even though GATT was created to ensure fair trading between countries, but it may not directly ensure world peace. GATT is used more as a tool to reduce conflict and prevent another depression. The US believed GATT was a way to spread economic principles across the world and benefit everyone for international trade.

- c. Rosen explains on page 20 paragraph (1) and on page 22 paragraph (1) that global trade does not always enrich developing countries but rather leaves them impoverished. Is this true? Is global trade beneficial to developing countries? Defend your answer. (2 pts).

Yes, Rosen is correct when making the statement that global trade does not always enrich developing countries but rather leaves them impoverished. Neoliberalism is an ideology and policy model centered around the idea of promoting free market competition. It is typically associated with laissez-faire economics, meaning a hands-off approach to regulating markets (Smith, 2024). Rosen's assertion that global trade can leave developing countries impoverished is supported by evidence of exploitation, unequal bargaining power, and environmental degradation in some instances (Rosen, 2002, p. 20). Meaning, it argues that global trade often leads to job losses and sweatshop conditions in the US and abroad, benefiting large corporations while impoverishing workers.

No, global trade is not always beneficial to developing countries. However, the impact of global trade on developing countries is nuanced. The concept of comparative advantage, as explained by Paul Krugman, suggests that if it's cheaper for a country to produce a particular good than it is for other countries, that country has a comparative advantage in producing that good. For example, if it costs less to produce apparel in Mexico due to lower wages or other factors, then it makes sense for U.S. producers to shift apparel production to Mexico. This allows U.S. producers to allocate their resources more efficiently. Instead of using capital to manufacture apparel domestically, they can use it for other purposes where the United States has a comparative advantage. These institutions, they argue, have encouraged through their structural adjustment programs unequal terms of trade, leading to the impoverishment, not the enrichment, of developing countries (Rosen, 2002, p. 22). While it can create inequalities and harm certain industries or communities, it also offers opportunities for economic growth, technological transfer, and poverty reduction. Therefore, whether global trade is beneficial to developing countries depends on various factors such as governance structures, institutional capacity, and the distribution of gains from trade.

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

- d. Historically, why is the apparel industry considered a “woman’s field”? Is this conception of being a “woman’s field of labor” true today? How does Rosen describe women as they are thought of in the apparel industry? Is this a fair classification of women? (2 pts)

The apparel industry has historically been considered a "woman's field" due to cultural norms, historical patterns of employment, and discriminatory practices. The segregation of women in low-wage industrial production has traditionally been legitimated by defining the work women do as rooted in their biological, anatomical, and psychological "nature" for example, their small hands, and their lesser intelligence, which presumably makes them unable to master more complex industrial work skills (Rosen, 2002, p. 24). Of course, this creates bias in employment and compensation for women in the industrial industry, patriarchal ideologies exclude women from certain policies or programs put in place. Women's wages reflect the measure of value that men (and women) assign to their productive and reproductive work. To comprehend how employers calculate a woman's wage is to recognize how society views a fair and just recompense for workers whose primary activity in life is defined by their relationship to the family (Rosen, 2002, p. 23). Women have always been looked down upon since the beginning of time, Women weren't given a choice as to which role they could play in society it was chosen for them disregarding the many attributes they possess.

Women were often employed in sewing and garment assembly roles perceived as suitable for their supposed dexterity and attention to detail. While significant progress has been made in gender equality in the workplace, the apparel industry still predominantly employs women, particularly in low-wage, labor-intensive jobs. Rosen describes how women in the apparel industry are often marginalized, facing exploitation, low wages, and limited opportunities for advancement. Men continue to be thought of as endowed with stereotypical characteristics of superior rationality, objectivity, and technical expertise, aptitudes and talents not seen as equally inherent in women (Rosen, 2002, p. 24) This classification is unfair as it perpetuates gender stereotypes and denies women equal rights and opportunities in the workforce.

- e. What is significant about export zoning? Defend your answer. (2 pts).

Export zoning, also known as export processing zones (EPZs), are special areas in a country with specific rules and benefits to encourage businesses to focus on exporting goods. These zones often have tax breaks, simpler customs procedures, and support for infrastructure to attract foreign investors and boost exports. The key importance of export zoning is its potential to bring in foreign money, create jobs, and help the economy grow. However, some people criticize EPZs because they can lead to problems like exploiting workers, harming the environment, and making social inequalities worse if not managed properly. So, whether export zoning works well and is fair depends on things like how workers are treated, environmental rules, and how the zones are governed.

Reference:

Rosen, E. (2002). *Making Sweatshops*. LaVergne: University of California Press.