

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.

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

- a. *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).*

After Japan lost in WWII, the US occupied the country under its military control. The United States assisted Japan in rebuilding its country after WWII in 1945 primarily for geopolitical reasons. As Rosen stated, “The US wanted to reconstruct Japan's political system, implement/introduce democracy to its civil society, and rebuild its industrial industry (Rosen, 2002, p. 27).” The US wanted to prevent the spread of communism in the region. Communism is a political and economic ideology advocating for the transformation of private ownership and profit-driven economies into systems where public ownership and communal management govern the primary means of production (Ball, 2024). The United States saw communism as a threat to democracy, so after it “lost” China it began to actively tailor Japan's economic, political, and military security to meet the US democratic economy.

The role of the Supreme Commander of the Allied Forces (SCAP), General Douglas MacArthur, was instrumental in Japanese reconstruction. “A primary objective of SCAP in Japan was to organize the population and resources to rejuvenate the nation's industrial output and identify markets for newly produced goods (Rosen, 2002, p. 27).” In 1947, the State Department began to have direct control of Japan's reconstruction after MacArthur oversaw the transformation of Japan's political, economic, and social systems, implementing reforms aimed at democratization and demilitarization while fostering economic recovery through policies such as land reform and encouragement of industry since 1945.

- b. *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 through a combination of factors such as government intervention, investment in modern machinery, and access to foreign markets outlined in Rosen's book. "Textiles stood as one of Japan's most industrial supplies, contributing significantly to the nation's foreign currency reserves. Throughout the early twentieth century, Japanese textile production and exports experienced remarkable growth, reaching their peak in the late 1930s. During the period from 1937 to 1939, Japanese textiles emerged as a dominant force in global trade, constituting thirty-five percent of the country's total exports of industrial goods. By 1937, textiles constituted sixty percent of Japan's overall export value. By 1940, just before the outbreak of World War II, raw cotton made up seventy percent of Japan's imports in raw materials, with textiles representing forty percent of its industrial exports (Rosen, 2002, p. 28). but this growth also sparked conflict over labor rights and working conditions within the industry.

However, there was conflict about textile production in Japan due to concerns about unfair competition and the impact on domestic industries in importing countries. "As Japan started exporting textiles to other developing nations in Asia, its imports of textiles began to decline. These countries were recipients of U.S. aid aimed at industrialization to counter the spread of communism (Rosen, 2002, p. 43)." In 1957, Japan's textile and apparel exports to the United States constituted a significant portion of its manufactured exports to the country, with textiles alone representing 18%. Japanese officials advocated for the acceptance of these exports by the United States to compensate for the embargo on Chinese markets. Meanwhile, tariff reductions for Japanese textiles were straining the patience of protectionists in the U.S. Congress. To address these pressures, President Eisenhower negotiated voluntary export restraints (VERs) with Japan in 1957, acknowledging the need to limit Japanese textile exports to the United States. Despite the VERs, the volume of U.S. textile imports increased due to tariff reductions between 1953 and 1956. By the 1950s, the textile industry in the United States began to battle against low-wage East Asian textile imports, including those from Japan, a struggle that would persist for decades.

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

Communism influenced U.S. trade policy with Japan and China in several ways. In the case of Japan, the U.S. sought to strengthen Japan economically and politically as a bulwark against communism in the Asia-Pacific region. General MacArthur aimed to transform Japan into a democratic stronghold of Western capitalism within the Pacific

region. His vision involved rebuilding Japan's economy with strong ties to the Western world through trade and investment (Rosen, 2002, p. 33). This involved promoting Japan's industrialization and export-oriented growth to counter communist influence.

Regarding China, As the Communist influence grew in China and leftist uprisings emerged in the region, the United States perceived a fresh challenge to its dominance over the Asian-Pacific Rim (Rosen, 2002, p. 32). In 1947, with the rise of the Communists, the U.S. State Department began to closely evaluate MacArthur's leadership in Japan. They began to question whether his strategies effectively promoted democracy and dismantled the prewar industrial monopolies, leading to increased scrutiny and potential redirection of his efforts. U.S. trade policy was influenced by Cold War politics, leading to restrictions on trade with communist China and efforts to contain its influence in the region.

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

The US faced difficulty in finding trading partners for Japan's textile exports due to several reasons. The challenge in finding markets for the increasing volumes of Japanese textiles stemmed from various factors. One significant issue was the difficulty of connecting these exports to the U.S. dollar. In 1949, the Truman administration highlighted the hurdles Japan encountered in seeking outlets for its cotton textiles in Southeast Asia. Stewart indicates that the primary markets for Japan's cotton textiles were in Southeast Asia and other colonial regions, primarily within the sterling bloc. This suggests that Japan faced obstacles in trading its textiles due to currency conversion and the economic structures of the markets it aimed to penetrate (Rosen, 2002, p. 35, 36). there were concerns about the impact of Japanese textile exports on domestic industries in importing countries, leading to protectionist measures such as tariffs and quotas.

Additionally, Japan's competitive advantage in terms of low labor costs and efficient production methods posed a challenge for other textile-producing countries. "As Burton I. Kaufman writes, "With the memories of World War II still vivid, the nations in the region hesitated to forge commercial connections with their former captors (Rosen, 2002, p. 30)." The United States attempted to promote the sale of inexpensive raw materials, such as cotton, from Asian nations to Japan. However, numerous Southeast Asian countries had previously been under Japanese colonial rule and experienced economic and political exploitation, which had reinforced Japan's wealth to their detriment. These nations were coerced into trade agreements that positioned them as exporters of raw materials while importing higher-priced Japanese manufactured goods. This dynamic perpetuated a cycle of economic dependence and inequality, with Japan reaping the benefits of cheap resources while Southeast Asian countries struggled with limited economic autonomy and unfavorable trade terms.

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

Hong Kong, South Korea, and Taiwan played significant roles in the textile trade in the East, particularly during the postwar period. "Japan stood out as essentially the sole nation possessing a modern textile sector within the East and Southeast Asian areas, boasting competitiveness in export markets (Rosen, 2002, p. 47). These countries benefited from factors such as access to cheap labor, government support for industrialization, and proximity to major markets. "The Korean War presented a fresh and significant impetus for Japanese exports, not only for textiles but also for various other types of industrial products from Japan (Rosen, 2002, p. 39)." Following the Korean War, the Eisenhower administration introduced fresh legislation aimed at sustaining raw cotton exports and advocating for increased imports of Japanese textiles. These initiatives gained traction, largely due to renewed concerns about the Communist threat in the Far East.

Hong Kong, for example, emerged as a major textile manufacturing center due to its strategic location and favorable business environment. In the early 1950s, Hong Kong's textile industry was closely linked to the British sterling bloc. As a British Crown colony, Hong Kong enjoyed unrestricted access to the textile markets of the United Kingdom. However, in 1959, the Lancashire Agreement was enacted by Great Britain, imposing limitations on textile imports from its sterling-area trading partners (Rosen, 2002, p. 47). This agreement prompted Hong Kong's textile exporters to shift their focus towards the markets of the United States.

Taiwan's role in the textile trade in the East was to initiate support measures for the textile and apparel industry by providing subsidies for production, especially focusing on export-oriented activities (Rosen, 2002, p. 47). The government in Taiwan established duty-free export-processing zones aimed at attracting foreign investment in garment assembly operations, further stimulating the growth of the industry. The United States significantly contributed to this progress by lowering import tariffs on these goods, which increasingly competed directly with higher-cost and higher-priced U.S. products (Rosen, 2002, p. 47)." Overall, these countries contributed to the growth of the textile industry in the region and became important players in the global textile trade.

References

Ball, T. and Dagger, . Richard (2024, February 12). communism. Encyclopedia Britannica. <https://www.britannica.com/topic/communism>

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