

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

**Dr. Adomaitis**

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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. 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 trade liberalization unfolded predominantly in the Caribbean Basin region. According to Rosen “the second act took place in Latin America in selected countries in the Caribbean (Rosen, 2002, p. 129, P.1).” This initiative included countries such as Mexico, the Caribbean islands, and parts of Central America. while the first act of America’s trade liberalization unfolded in the Far East, the focus shifted to Latin America in the 1980s. The Reagan administration's Caribbean Basin Initiatives, particularly the second initiative in 1986, played a crucial role in accelerating the growth of assembly operations in the Caribbean and Central America.

Reaganomics, the economic policies of the Reagan administration, aimed to include the countries in the Caribbean and Central America in foreign affairs through a combination of economic aid, military support, and trade initiatives. The Reagan administration, concerned about left-wing insurgencies and Soviet influence in the region, intensified U.S. support for pro-American regimes in Central America. Military aid to U.S. allies in Central America surged, with total aid to the region increasing significantly between 1980 and 1985. The U.S. military presence in the Caribbean Basin also escalated during this period. Moreover, Reaganomics aimed to address economic challenges in the region by introducing initiatives such as the Caribbean Basin Initiative (CBI). “Despite the stated goal of the Caribbean Basin Initiative being to encourage foreign investment in the region, the final iteration of the CBI lacked the original proposals that could have effectively incentivized investment (Rosen, 2002, p. 135, P.2).” This initiative sought to promote economic development, combat poverty, and counteract left-wing movements by fostering trade and investment opportunities. The relationship between the United States and the

countries in the Caribbean and Central America during Reaganomics was characterized by a combination of economic dependency, geopolitical interests, and ideological alignment. The United States provided financial aid and military support to maintain political stability in the region, while also seeking to advance its own economic interests through trade agreements and investment initiatives.

- b. What was occurring in Central America? How could history be repeating itself? How do you think the U.S. would respond to the crisis in Central America? (2pts)

The crisis in Central America during this period was characterized by multiple factors, including economic instability, declining commodity prices, and geopolitical tensions. The late 1970s saw a significant downturn in the economies of many Latin American countries and, to make matters worse the decline in prices of key exports such as sugar and petroleum. “The United States responded to this crisis by imposing restrictions on the imports of sugar, petroleum, coffee, and bauxite, which were key commodities for Latin American countries and constituted a significant portion of their foreign exchange earnings (Rosen, 2002, p. 130, P.4).” Consequently, the region faced poverty, rising unemployment, and social unrest, providing fertile ground for leftist movements sympathetic to Soviet influence.

With the perceived threat of communist uprising in Central America, the Reagan administration pursued a militarized approach, significantly escalating military aid to pro-American regimes in the region. Rosen states “In response to the heightened concern over Soviet-inspired insurgencies, Reagan initiated additional economic aid and introduced new military strategies in the region, aiming to eradicate Soviet influence. (Rosen, 2002, p. 131, P.1).” Total aid to Central America skyrocketed from \$194.2 million in 1980 to \$1.2 billion in 1985, with military aid increasing by 1,841 percent between 1980 and 1983. The United States enforce its military presence in the Caribbean Basin, viewing the region as crucial to its defense and economic prosperity due to its strategic shipping lanes and abundant natural resources. This militarized response mirrored earlier Cold War strategies employed in Europe and East Asia, aiming to contain perceived communist threats and preserve American hegemony.

The crisis in Central America during the 1980s echoed historical patterns of U.S. interventionism in the region, with the Reagan administration's policies mirroring earlier Cold War dynamics. The United States military and economic support for pro-American regimes reflected its geopolitical interests and commitment to maintaining political stability and economic hegemony in strategically important regions. “The economic and political instability of Caribbean and Central American countries, where the United States had over \$5.652 billion in direct investment and exported goods worth \$6.842 billion in 1980, has a direct impact on the U.S. economy (Rosen, 2002, p. 131, P.4).” The crisis in

Central America during this period emphasize the enduring legacy of U.S. interventionism in Latin America, shaping the political and economic trajectories of the region for decades to come. political instability could create an uncertain investment climate, deterring further U.S. investment and hindering economic growth in the region. Therefore, ensuring stability and fostering economic development in the Caribbean and Central America was not only a matter of regional concern but also crucial for safeguarding the economic interests of the United States.

- 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)

Two notable events in the Caribbean and Central America between 1953 and 1985 include the Cuban Revolution in 1959 and the Nicaraguan Revolution in 1979. The Cuban Revolution marked the establishment of a communist government led by Fidel Castro, presenting a significant challenge to U.S. interests in the region. Similarly, the Nicaraguan Revolution resulted in the overthrow of the Somoza dictatorship and the emergence of the Sandinista government, perceived to align with communist ideals. These occurrences hold relevance to the chapter on "The Reagan Revolution" as they influenced U.S. foreign policy objectives during Reagan's presidency, shaping strategies like the Caribbean Basin Initiative.

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

- 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)

CBI stands for the Caribbean Basin Initiative. The countries within this initiative were predominantly developing nations with varied economic statuses, including both relatively stable economies and those facing significant challenges such as poverty and underdevelopment. "the Reagan administration introduced the Caribbean Basin Initiative (CBI), officially known as the Caribbean Basin Economic Recovery Act. This program aimed to stimulate economic growth, enhance political stability, and curb the expansion of Soviet-Cuban influence in the Americas. As part of this strategy, textiles and apparel were once again integrated into an anticommunist agenda (Rosen, 2002, p. 129, P.2)." By

promoting economic development and providing support to the Caribbean and Latin America, the CBI aimed to counter the spread of leftist ideologies and insurgencies in the region. This aspect of the initiative was aligned with broader Cold War objectives of containing communist influence in the Western Hemisphere.

The purpose of developing programs to support new business opportunities in the Caribbean was to stimulate economic growth and development in the region, create employment opportunities, and reduce dependency on aid. “Upon the establishment of the CBI, the Reagan administration initiated the mobilization of U.S. agencies to create programs aimed at advertising and advancing fresh business prospects in the Caribbean (Rosen, 2002, p. 134, P.3).” The development of new business opportunities in the Caribbean was intended to reduce the region's dependency on foreign aid and imports. By fostering self-sufficiency and promoting domestic industries, the programs aimed to strengthen the economic resilience of Caribbean nations and reduce their reliance on external sources for sustenance.

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





## References

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