

Global Sourcing & International Trade Policy
Quiz #3: The Introduction
Dr. Adomaitis

Seaniah Mcleod

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).

The United States helped reconstruct Japan after WWII in 1945 as a strategic move to contain the spread of communism. By helping Japan rebuild and change their political system, the United States would be able to create a stable ally in return. Before WWII Japan was a huge trading partner. Japan produced cotton cloth, silk and Rayon. The United States helping Japan could help in the long run and potentially create new markets and strengthen their connection.

The role of the Supreme Commander of Allied Powers In Japan reconstruction was to reform Japan. The Supreme Commander of Allied Power came up with a five year plan to help Japan post-World War II. This consisted of changing the population and materials system in order to strengthen production markets for new goods. The objective was to help Japan produce textiles for export that would generate foreign exchange (Rosen, 2002, pg. 27, par.3). SCAP set up a plan to reactivate Japans Silk Industry since before the war Japan was mostly known for their lucrative industry.

- 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).

A large part of Japans foreign exchange came from their textiles. Although Japan never produced raw cotton, they often received imports of raw cotton from one of their trading partners China. During the late 1930s the a large percentage of Japanese cotton-fiber

imports directly came from Formosa, Korea and China. China's involvement in the Second Sino- Japanese War created a disturbance in the trade between Japan. The war affected China and they were not able to produce raw cotton. Many Southeast Asian countries refused to encourage any effort to produce raw cotton to Japan due to previous suffering economic and political exploitation (Rosen 2002, pg. 30, par. 2). Japan became an exporter of cotton textiles due to the United States.

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

Communism played a big part in U.S trade policy with Japan and China. Due to U.S wanting to contain democracy in the Asia-Pacific region. The United States used communism a tool to help Japan's trade policy during the Cold War. As the communist gained strength in China and left wing insurgencies began to appear in the region, America saw a new threat to its control of the Asian - Pacific rim (Rosen 2002, Pg. 32, par. 2). The U.S viewed the left wing movements as a threat to its control over the area. This highlighted the tension between Japan, China and the United States

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

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

One of the reasons the United States faced difficulty with finding trading partners for Japan's textile exports due to Japan not having the dollar liquidity to finance some of the imports. Japan also severed their ties with Southeast Asian countries due to previous political exploitation. These countries had been forced into trade relationships that made their exporters of raw materials importers of higher cost.. (Rosen 2002, pg. 30, par. 2).

A second reason the United States had so much difficulty finding trading partners for Japan's textile exports was due to the war. The war affected many things including the consistency of materials coming. During the war people switched from silk material to nylon because of the expense. In 1947 the value of silk exports declined dramatically, defeating SCAP's plan to rely on silk exports (Rosen 2002, pg. 29, par. 3). The war also occupied 80% of Japan's textile machinery, the remaining 20% was left destroyed by the bombing. During the war many countries were placed on wartime production in order to support the war.

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

The South Korea and Taiwan were the only ones in the East that produced goods primarily for the domestic market and access to machinery. Taiwan government created incentives that subsidized production of textiles and exported apparel. Tax rebates were offered to entrepreneurs and free ports. Hong Kong on the other hand was tied to British sterling block. By the mid - 1950s both Taiwan and South Korea had developed textile and apparel industries that produced goods.. (Rosen 2002, pg. 47, par 1.)

Reference

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