

Global Sourcing and International Retail Trade: BUF 4300
Quiz #4: The Introduction
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Please answer to the best of your knowledge the following essay question. Use detail where appropriate. Remember grammar, punctuation & spelling count.

- a. What was GATT and how did it facilitate trade? How did it differ from the Marshall Plan?(2 pts)

The General Agreement on Tariffs and Trade is an agreement that allows countries to trade goods and services internationally without the harsh barriers of tariffs (Rosen, 2002 pg.14, par.2). GATT's main purpose was to help post war countries of the Atlantic Alliance rebuild (Rosen 2002, pg.56, par.1). GATT facilitated trade by creating better agreement systems and order amongst countries. This resulted in countries having less disputes, fair negotiating systems and tariff reductions. Overall, GATT promoted trade by creating non-discriminatory trade practices, regulations and proper trade environments.

Unlike GATT which was to regulate tariffs and countries trading systems, The Marshall plan was created as a foreign financing aid program to provide assistance to The European Recovery Program (Rosen 2002, pg.14, par.1). The Marshall plan aided sixteen European nations, like West Germany and Britain following the devastation of World War II (History, 2009). The Marshall plan provided direct assistance to each country to help rebuild industrial facilities and provide utilities. The Marshall Plan helped Western Europe with double growth as prewar production within four years.

- a. On page 57, paragraph 2, Rosen states, "*Trade between countries at the same level of development typically involves a relatively equal exchange of labor. Trade between advanced industrial and underdeveloped poor countries, however, is likely to reproduce previous colonial economic relationships...*" What is meant by this statement? Where have you learned about colonial economic relationships in class, in the text, or otherwise? Defend your answer. (2pts)

Rosen's statement explains advantages and disadvantages between countries trading dynamics. Depending on the countries level of development, trading can become unfair. Underdeveloped poor countries may have an unequal exchange with a more advanced industrialized country due to the poorer country lacking resources. Due to a poor country economic disparities they can oftentimes show a colonial economic relationship. Stronger countries like the U.S can dominate a poor countries like Mexico into taking natural resources for unequal trading value. Resulting to colonial economic relationships.

- a. Who originally controlled tariffs? Who controlled tariffs in 1934? Why was there this shift in control? Defend your answer with support from the text. (2pts)

During the 1930s, Congress restricted low-wage import and regulated the trade regime (Rosen, 2002, p.58, par.2). When Congress passed the Reciprocal Trade Agreement this allowed changes to tariffs and trade related regulations. This shows the commitment of the U.S regarding beneficial trade relationships with other countries. The local business men were represented by Congress members to raise import products tariffs to challenge domestic producers. In 1934, The Reciprocal Trade Agreement was signed and President Roosevelt was set to negotiate bilateral tariff with trade partners. A shift in control over tariffs was driven by the Reciprocal Trade Agreement Act.

- a. Rosen, on several occasions throughout chapter 4, discusses the defeat of the French at Dien Bien Phu. Why? Why is the defeat of Dien Bien Phu significant in American history? Why is this important to Congressman who favored protectionism a trade policy? (2pts)

The defeat of French Dien Bien Phu was a huge part of history because it took part in the first Indochina War. The defeat of the French during the war led many to think there would be a spread of communism in the Southeast. Ngo Diem received lack of support with his loss due to his bias views on Catholics, repression of Buddhist and Authoritarian leadership. The Western regions turned a blind eye during and after the war and didn't bother to help, due to not wanting to associate with his government (World History 2022). The defeat of the French at Dien Bien Phu contributed to the "domino theory" meaning if one country faced communism, the country along side of it would also face communism.

This is important for American History because American stands for democracy and freedom yet they want to rebuild, colonize and didn't stand down on the French. This made the U.S enter a 10 year war.

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e. What was Kennedy's Tripartite compromise? How did this benefit the textile and apparel industry in the US? (2 pts)

The Kennedy's Tripartite Compromise is an agreement passed in the 1960s, which reduced trade barriers and tariffs among countries. This agreement involved many countries, the European Economic Community, the United States and Japan specifically since they were part of the three major trading blocs. The agreement was broken up into different elements. The first element in Kennedy's plan involves him creating quotas and then negotiating a one year short term arrangement.

The Kennedy Tripartite Compromise benefited the textile industry because it opened up the market access and increased economic growth. In 1964, the plan came into effect and allowed the price of raw cotton to be subsidized. (Rosen, 2002 pg.74, par.1). This gave foreign producers the opportunity to maximize their money and while gaining the opportunity to receive raw goods. Kennedy also created The Seven-Point Program which helped the promotion of economic development and good governance. During the program the government would help workers with unemployment and job search. The Seven Point Program provided income assistance and relocation assistance. Lyndon Johnson tried to enforce the plan after Kennedy's death but couldn't carry out due to him not being in favor of congress.

References

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