

Technology Entrepreneurship: HDCS 4370
Quiz #4: 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. What was GATT and how did it facilitate trade? How did it differ from the Marshall Plan?(2 pts)

GATT stands for the General Agreement on Tariffs and Trade. GATT was established in 1947 to improve the regulation of global commerce. Before GATT was established there was tension amongst nations regarding trading policies and tariffs, when GATT was established it put many nations concern at ease. GATT allowed nations to come together and negotiate the establishment of the groundworks of trading policies and tariffs through multilateral negotiations that took into consideration the interest of all nations equally.

GATT facilitated trade by allowing nations to open up their trade markets equally to everyone. GATT also offered protection through tariffs as opposed to any import quotas that had to be met. This allowed a balance of trade of imported and exported goods on all platforms.

GATT was different from the Marshall Plan because GATT targeted trading policies and aid on a much larger scale than the Marshall Plan. The Marshall Plan was intended to help rebuild European countries that had been destroyed after World War II. Unlike the GATT, The Marshal Plan was limited to only European countries. The U.S invested money into these countries and encouraged other countries to invest in Europe through trading.

- b. 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 reproduced 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)

What is meant by this statement is that trade between countries that are well of is a fair form of trade but trade between countries that are at two different stages of the development is not a fair form of trade. The reason why the trade between two countries at different development stages is not a fair trade is because the develop country often expects competitive prices and exploits the country that is not fully developed yet.

- c. 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)

In the United states congress originally controlled tariffs. During this period when congress had the power to control tariffs local businessmen were able to appeal to their district congressional representative to enquire about any trading policies they were interested in (Rosen, 2002, p. 57, par. 0). This then allowed the congress representatives to present bills that raised tariffs on imports that competed against goods made domestically. When congress was n control of the tariffs it made it much easier for protectionist to make their concerns and interests be heard.

In 1934 after congress passed the Reciprocal Trade Agreement Act also known as RTA, the control of tariffs shifted from the legislative branch which is congress to the executive branch that is ruled by the president. This shift in power gave at the time, president Franklin Delano Roosevelt the power to negotiate with sole trading partners in creating bilateral tariff reductions that encouraged international trade (Rosen, 2002, p. 58, par. 2).

There was a shift in the control of Tariffs in attempts to “revolutionize the formation of U.S trade policy” (Rosen, 2002, p. 58, par. 4). As the U.S began to further involve themselves in more foreign trade, congress felt that they were no longer authorized to make such decisions because they function based on local constituents. But they limited the time period the Executive offices could hold the power to negotiate reciprocal tariffs to just three years. After the three years were up the president had wait upon votes by congress to renew the Reciprocal Trade Agreement Act.

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

- d. 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)

Rosen discusses the defeat of the French at Dien Bien Phu because it was significant in the decision making within the United States domestic debate of foreign trade policies. In 1954 the French army was sent to Dien Bien Phu in efforts to contain communism in Indochina and control the colonies. Dien Bien Phu was located in Vietnam. The French failed to contain the rebellion and uprising of Indochina.

The defeat of Dien Bien Phu is significant in American history because prior to this defeat, the U.S was at a crossroad in foreign economic policy (Rosen, 2002, p. 64, par.2). On one end the protectionist argued against the U.S reducing Tariffs and participating in reciprocal trade, while the individuals in charge of the decision making of U.S trade policies believed in reducing tariffs, reciprocal trade and the imports of cheaper lower-wage goods.

For a long time Dan Reed, a protectionist leader of the protectionist chair in the House Ways and Means Committee had opposed Eisenhower's involvement in the reconstruction of Japan. But once he heard that the French had been defeated in Dien Bien Phu, fear took over him. The communist influence had infiltrated Indochina. He was then persuaded to back down and support the U.S involvement in Japan. He now understood how important it was for the U.S to help Japan because the U.S foreign economic policy influence was being challenged (Rosen, 2002, p. 65, par. 2). They must put their differences aside in efforts to stop a domino effect from happening in all of Asia.

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

Kennedy's Tripartite compromise was the legislation creation of quotas on east Asian imports, and the Trade Expansion Act of 1962. The creation of quotas on east Asian imports made it possible for the U.S to negotiate with countries that were exporting textiles and apparel to the U.S (Rosen, 2002, p. 73, par. 0). The Trade Expansion Act of 1962 was created to replace the Reciprocal Trade Act that expired every three years. The TEA gave the executive branch the power to reduce tariffs and opened up a program known as the Seven-Point Program that provided income assistance, job training, and relocation assistance to workers that had been displaced (Rosen, 2002, p. 74, par.1).

This benefited the textile and apparel industry in the United States because it helped them restructure. It provided them with the financial aid they needed but also gave them a chance to express their concerns unlike the previous administrations. Kennedy focused on helping the American markets while also expanding foreign trade. He created a fair balance of American imports and exports. He protected the American markets by making the imported low-wage goods the same price as the competing American goods.

Work cited:

Rosen, E. I. (2002). *Making sweatshops the globalization of the U.S. apparel industry*. University of California Press.

U.S. Department of State. (n.d.). *U.S. Department of State. Dien Bien Phu & the Fall of French Indochina, 1954*. <https://history.state.gov/milestones/1953-1960/dien-bien-phu>.