

BUF 4300: Global Sourcing & International Trade Policy**Final Essay Exam****Spring 2023****Dr. Adomaitis**Xinicol Gonzalez Aguirre (name)**Rosen, E. I. (2002). *The Globalization of the U.S. Apparel Industry: Making Sweatshops*. University of California Press.**

Please answer the following essay questions to the best of your knowledge illustrating critical thinking skills. Use detail where appropriate. Be tight and concise in your essay answers. Answer each question in a separate paragraph. Be sure to cite correctly in APA within the sentence (look at Purdue Owl/ APA). Organize your thoughts.

Remember grammar, punctuation & spelling count as 65% of your final examination grade. Application to current events are graded higher than answers straight from Rosen. Each essay is worth 100 points. Add all references in APA and in-text citations. Matching must be less than 20%. Use Purdue Owl Online Writing Lab. Good Luck!

1. Why has department store business declined in the US along with department store business in *England, Germany, and Italy*? (b) How has the *profitability paradox* affected this decline in profits? (c) How has the *profitability paradox* changed the way retailers do business? (d) List and describe at least two ways the industry has prevailed during this time of retail flux (instability) Please use one outside source and add the link at the end of the essay? (e) *What is causing retail flux currently (2021-2023), name two major issues and cite two outside sources. How can they be resolved? (Think Critically).*

Part 1:

For many department stores around the globe, many declined, having the advantage of more technology, declining profit, and widespread bankruptcy. Individually, each country, England, Germany, Italy, along with the US, have dealt with this decline.

In the US, many department stores struggled, having to reduce their operating costs while sales slumps caused margins to fall. (Rosen 2002, Pg. 187, Par. 4). Within the mid-1980s, a lot of department stores saw a concerning amount of profitability crunch. Between 1974 to 1984, the number of shoppers decreased, declining by over 70%. (Rosen 2002, Pg. 188, Par 2). The increase in Computer technology also assisted in the decline in department stores within the US. Many traditional retailers were no longer grabbing the attention of consumers, this new technology allowed for a lot to change. "Corporate Reconstruction" as Rosen 2002 states (Rosen 2002, Pg. 180, Par 3).

In England, many of their department stores are some of the oldest and most well-established. Having department stores be accounted for 5% of total retail sales. (Sternquist, 1998). With England's department stores being much fashion center, many of their businesses declined in the 1980s, having the New England region to lose apparel jobs at a rapid speed. (Rosen 2002, Pg. 176, Par. 1). This also caused New England regions to lose 30% of employment, having the South remain with 35% of apparel production jobs. (Rosen, 2002, Pg. 176, Par. 1).

In Germany, the United East and West from the torn down Berlin Wall allowed for some economic boost in Germany, all and all though, many of their department stores saw a decline even before the 1980s. These departments store businesses in Germany have struggled within the past 2 decades since their height in the 1980s. Having had 7.2 % of the shared retail market dropped 4 % by 1994. (Sternquist, 1998). Much of the decline had to do with the large-scale, self-serve, specialty service. (Sternquist, 1998).

Italy, although having large apparel manufacturers in the South of Italy. (Rosen 2002, Pg. 69, Par. 2). The two major department stores La Rinascente (13 stores) and Coin (35 stores) are declining as analytics state. (Sternquist, 1998). The excess number of stores and the slow-growing consumer demand would be the reason for how difficult it is for sales growth to keep up with operating expenses. (Rosen 2002, Pg. 188, Par. 3).

Part B:

The profitability Paradox has affected much of department stores within London, Germany, Italy, and The US, having it be the result of the post-war expansion of retail space and oversupply of merchandise. (Rosen 2002, Pg.188, Par. 2). The Profitability Paradox caused a significant decrease making many apparel retailers face debt, bankruptcy, and a new/higher level of concentration within 10 years. (Rosen 2002, Pg. 179, Par. 3). This decline resulted in many department stores being unable to maintain a high level of profitability that could be strong enough to meet the new expectations of public corporate shareholders. (Rosen 2002, Pg. 188, Par. 3).

Part C:

The profitability paradox has caused a decline in profits making the changes retailers do in business to be altered. The decline of department store business in the US during the 1980s could take credit for the several factors it added. Including the rise of Computer Technology, changing the consumer's preferences when buying. Many retailers used different new strategies, some being reducing labor costs, introducing new technology, strategic partnerships, private-label merchandise, and new niche-marketing techniques. (Rosen 2002, Pg. 188, Par. 3). Now in recent times, much has changed and the profitability paradox has changed many of the ways retailers do business. Many have invested in heavily expanding digital experiences and increasing customer service, even developing more partnerships with third-party providers of

data-driven services. (Sides and Skelly 2021, Pg. 1, Par. 3). This could be seen as a focus on increasing sales and market shares, but at the expense of profitability.

Part D:

Two ways that industries have prevailed during these times of retail flux (instability), is having the use of technology be introduced into the industry. “Using a variety of new strategies to reduce labor costs, new technologies, strategic partnerships, private, label, merchandise, and a new niche marketing technique”(Rosen 2002, Pg. 188, Par. 3). With Covid now, Industries are still relying on new technology, trying to make things much cheaper and accessible than before. With consumers shopping online more, It's forced a lot of retailers to rethink how they operate and how to continue that connection with consumers. The growing numbers of buying online, and picking up in the store also known as BOPIS, and curbside pickup models, they're examples of how technology has influenced the change. (Nealon 2021, Pg. 1, Par 5). Technology, as before, has allowed the industry to prevail and change with the retail flux.

Part E:

Two major issues causing retail flux currently are an increase in price shipping and a lack of truck drivers. These issues have contributed to the current retail flux between 2021 to now. Many retail businesses are facing higher shipping prices due to changes in the market, and the global recession overall. Higher shipping prices are because of the ocean carriers raising prices in reaction to the current increased demand and limited supply. With the pandemic, a lot of people have been buying less, and industries curbed production. (Baeumont-smith 2021, Pg. 1, Par. 2). With this rise in shipping prices, you can imagine the workers who are dealing with the deliveries. With the increase in inflation comes other issues such as the truck industry, where there is a need for 80,000 new truckers. The American Trucking Association reported a shortage of 160,000 drivers by 2030 and one million over the next 10 years. (Kelly 2022, Pg. 1, Par. 4). On some logical and critical thinking, Stabilizing immigration restriction policies, and working on Tariffs on Truck Chassis, can help resolve some of these issues with increased shipping prices and lack of drivers. Regarding immigrants and Hispanic workers, we can benefit from their work in this economy. Helping reduce prices. Stabilizing Tariffs on Truck Chassis could help make it cheaper, and easier for supply chains creating affordability during this recession.

2. Why was the Caribbean Basin Initiative crucial for Reaganomics? Explain the significance of as it relates to Rosen (1) *Manuel Noriega* (2) the *Contra Army* (3) *Sandinistas* and (4) *Fidel Castro*? What was the significance of the *Panama Canal*? Answer each in a well-detailed paragraph of their own. **Use outside sources.**

What is the significance of Noriega extradition to Paris, France? How does this relate back to the time when he was the dictator of Panama? *How does this relate to the one of the somewhat recent political situations in Nepal and Citizen –led Protest that led to Brihat Nagarik Andolan*

(BNA)? Please correctly cite in-text citations in APA and be sure to use outside references. Be sure to show application from your knowledge of this course.

The Caribbean Basin Initiative was essentially a trade initiative initiated by the U.S. under the Reagan Administration in 1983. (Rosen 2002, Pg. 129, Par. 1). This was crucial for Reaganomics because its purpose was essentially to promote the restructuring of the region's quasi-colonial trade and investment relationship with the United States. (Rosen 2002, Pg. 132, Par. 4). With this, the CBI would also be promoting foreign investment in the region, allowing the U.S. to support new business opportunities in the Caribbean. (Rosen 2002, Pg. 135, Par. 1).

Manuel Noriega is a very significant figure, with the former dictator having been involved in many illegal charges and activities. Before this though, Manuel Noriega was an ally of the United States, where he served as a U.S. intelligence assistant. After concerns about communism in Panama, President George W. Bush ordered an invasion of Panama, also known as "Operation Just Cause" in 1989. (Glass 2018, Pg. 1, Par. 1). Once captured, the United States made the discovery and tried Noriega for drug trafficking and other human rights violations, sentencing him to 40 years but only 17 years in jail. (Glass 2018, Pg. 1, Par. 8). The United States took many actions when it came to the capture and sentence of Manuel Noriega. In discovering his support of communism and his giving United States intelligence to other communist nations like Cuba, the United States' main concern was another Central American nation falling into communism and the threats and security of the nation.

The Contra Army was a group who were seeking to start a counterrevolution. The United States was heavily involved with this group, having the Reagan Administration settle a policy in funding and providing money and equipment to the Contras. (History.com, 2020). Their impact on the United States and their motion politically in Nicaragua created a significantly greater role in the conflicts between the U.S., Cuba, and the Soviet Union.

The Sandinistas, known as The Sandinistas National Liberation Front, or FSLN, were inspired by the Cuban Revolution that fought against U.S. imperialism in Nicaragua in the 1920s. The main goal of The Sandinistas National Liberation Front was to continue the Sandino fight for National Sovereignty. This is very significant because it involves the ending of US imperialism and more movement of socialist revolution. (Bodenheimer, 2019).

Fidel Castro was the communist leader of Cuba, who overthrew President Fulgencio Batista, who had much support from the U.S. government for his anticommunist stance. Once overthrown, Fidel Castro became in great relations with The Soviet Union and had similar communist ideologies. When Reagan entered the White House, he viewed this communist movement as a threat (Rosen 2002, Pg 129, Par 1). This is significant because it created the Caribbean Basin Initiative (CBI) in helping control and check the spread. Overall, Fidel Castro became a huge figure, having been able to see what a communist country can and will do.

For the United States, The Panama Canal was one of the biggest important creations, being able to transport goods, and people, allowing there to be a reduction in travel time and an economic boost. The Panama Canal became an essential route being able to connect vessels

sailing from the West to the East coast of the United States, and the LAG regions. Also being the shortest operative route connecting maritime trade between the Atlantic and Pacific oceans. (Miller and Tetsuro, 2021). With this importance of location, there is an overall political and economic significance for this, having the transport be essential to global shipping. This also results in further economic growth for Panama. (Miller and Tetsuro, 2021). With this, we could understand the importance of the Panama Canal and its necessity through international boundaries, having it be a major part of the economy with trade, international relationships, and even foreign policy.

The significance of Noriega's extradition to Paris, France is, Manuel Noriega was he extradited from the US to France, where he had been convicted in absentia of laundering money from Colombian drug gangs through a French bank to buy property in Paris. Before this, Noriega was in prison in the U.S. for drug trafficking, racketeering, and money laundering. (BBC News, 2011). With this came a huge shift in the relationship between Panama and the United States, having Noriega be previously arrested in the US. This relates back to his dictatorship of Panama by exposing the human abuse, crimes, and political corruption Noriega created.

Relating this to the political situation in Nepal and Citizen-led protests that led to Brihat Nagarik Andolan (BNA), we can see similar corruption and the abuse of humans through these protests. In Nepal, 45 people were killed while protesting over Nepal's new constitution. (Human Rights Watch, 2015). Having these political situations on Social media and being covered on national news, shows the restricted freedom and violence to Nepalese citizens (Human Rights Watch, 2015), which is extremely similar to Noriega's case in terms of power control. Being able to hold this leader liable for what they've caused, not allowing those governments to overrule.

3. Rosen discusses "Free Trade," the end of quotas and tariff reductions. As noted several times in the book, trade policy for apparel has often been led by political agendas. *State (cite) a time in history when trade policy was in fact, affected by a country's political agenda.* How would trade change if negotiations were made to have US apparel made in sub-Saharan Africa? *In your own words, what newsworthy events were reported about Venezuela's President Hugo Chavez, Chilean President Pinochet, and Russian President Vladimir Putin that would affect foreign policy in the United States? Use three (3) additional outside sources. Answer each in a separate paragraph.*

A time in history, when trade policy was affected by a country's political agenda, was after WWII. That was when the United States decided to begin the expansion in trading policies and "rest the world". (Rosen 2002, Pg. 14, Par 1). The Trade Development Act (TDA) was also heavily affected by the countries' political agenda. This opened trade between African countries and the United States of textiles and clothing. (Rosen 2002, Pg. 205, Par 3). With TDA, it eventually lead to the progress of growth in apparel manufacturing in Sub-Saharan Africa. (Rosen 2002, Pg 206, Par 1).

Venezuela President Hugo Chavez, during his presidency, accomplished much. One of those is his relationship with the United States and its foreign policy. When it came to Chavez's government, their main goal was to frustrate the United States and declare them as a “Soft-balancing” policy for military action. (Clem and Maingot 2011, Pg. 2, Par 4). This along with the oil crisis where The United States and Iran dealt with a confrontation that almost lead to Venezuela and China becoming closer. Economically speaking, the US would have been okay with a spike in oil prices unlike with Venezuela, but politically this could have affected their foreign policy and could have allowed President Hugo Chavez to put all the blame on the US for their disaster, allowing Chavez to use his social powers in balancing Foreign policy. (Clem and Maingot 2011, Pg. 6, Par. 2 & 3).

During the 1970s, Augusto Pinochet came to power. During his time, his anti-communist beliefs caused a shift in foreign policies within the United States. Having The US become heavily involved. In 1973, The Chilean coup d'état riled up the nation and others as its military coup in Chile tried to remove the Popular Unity government of President Salvador Allende at the time. When President Allende was overthrown, President Pinochet came to power causing much of US foreign policies to be looked at and cut off from Chile. Fearing of providing aid. Eventually, it was discovered that the US government was heavily involved with the coup in Chile. (Hinds 2016, Pg. 1, Par 1 & 2).

In recent news, President Vladimir Putin was seen in Iran on July 20, 2022, introducing a new 2023 Russian foreign policy concept where the concept “outlines nothing less than Moscow’s repudiation of the current order and the United States’ leading role in it.” (Ashby and Glantz 2023, Pg. 1, Par. 4). This could affect foreign trade policies in the United States by having Russia define a new “World Order” and essentially calling the United States the threat of the instability they have internationally, leading them to want to change their stability and relationship with the United States in hopes to “Protect its vital interests”. (Ashby and Glants 2023, Pg. 1, Par 6).

Resources

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