

BUF 4300: Global Sourcing & International Trade Policy
Final Essay Exam
Spring 2023
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 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).*

Related articles show that from 2013 to 2023 in the United Kingdom, the number of department stores has gradually decreased during this decade, and the biggest change is in 2021 (Ibisworld, 2022). This is because of some irrational planning that led to this result. The unreasonable plan is that restrooms in the UK's department stores are *paid* for by consumers themselves (Sternquist, 1998, Lecture UK, pg. 10). It means if a customer wants to go to the restroom while shopping at the department store, the customer is not allowed to use it until he or she has paid. And it is counted by the number of times; it is not the kind of one that costs a specified amount of money to buy and then can be used for a whole day.

The decline in department store business in Germany can be analyzed from two perspectives. The first one is related to regulations. And one person feels that this regulation restricts consumers' right to choose. This is because if a consumer is from *East Germany*, he or she will not be allowed to shop in department stores invested by

individuals or multiple people, but only in department stores invested *by the government* (Sternquist, 1998, Lecture Germany, pg. 18). The second is about convenience. German consumers seem to prefer the option of a store with both staff and *self-service* over staff-only department stores (Sternquist, 1998, Lecture Germany, pg. 20). This is because there are many conveniences that a department store can bring with both service options, such as saving time in line.

Italy's retail store business has declined because they focus on other types of businesses. The Italians put their eye on supermarkets instead of clothing retail (Sternquist, 1998, Lecture Italy, pg. 11).

The decline of department store business in the United States was affected by the economic crisis in the 1970s (Rosen, 2002, pg.179, par.0). The economic crisis meant that consumers did not have much extra money to shop in stores. This is because with the occurrence of the economic crisis, inflation followed one after another, and an increase in the inflation rate also implies an increase in prices. And with the passage of time, the three major department stores in the United States have been successively changed their names or acquired by other companies because their business is not up to standard and for other reasons. For example, the Federated department store underwent this change in 2007 (The Editors of Encyclopaedia Britannica, 2023).

Producing too many goods is one of the causes that affect profits (Rosen, 2002, pg.188, par.2). For example, Company T is a fruit shop in New York City that only sells watermelons. In June and July, it can sell about 1,500 watermelons per month. Due to the achievements made in the previous two months and considering that the weather in August is still relatively hot, so they decided to purchase 2,300 watermelons in August. The number of watermelons they purchased in August far exceeded the quantity that consumers need. This decision caused Company T to have a lot of inventory left and had to clear the inventory by selling it at a low price, which contributed to the decline in Company T's profit. The constant increase of competitors will also affect a company's profit decline (Rosen, 2002, pg.188, par.3). In the area where a person once lived, there are several similar shops on one street, and the products they sell are almost the same, just with different names and different bosses. Consumers benefit from the increase in competitors because the company will find ways to launch some promotion strategies (such as half-price) to retain customers. The introduction of promotional activities will reduce the company's profits because the original pricing of goods has changed.

The profitability paradox made the retailer afraid of lots of things; for example, both sales volume and markup are going down. In order to prevent this type of incident from happening again, retailers have changed their business methods, such as involving new technologies in their upcoming products (Rosen, 2002, pg.188, par.3, lines 14-16).

Method one: Introduce new solutions at the right time to keep the store running. For example, if profits are developing in a bad direction, it can be solved by reducing expenses (Rosen, 2002, pg.188, par.4), like small tasks such as replacing lights can be resolved by people within the company without spending money to hire others to handle them. Method two: Inflation is one of the most common difficulties encountered during this period. Retailers can make some changes to slow down the inflation rate. For example, try to meet the desires of consumers as much as possible (Alldredge, Coggins, Drassinower, & Nading, 2022).

Issue one: The Ukrainian-Russian war in 2022 led to supplier related problems in several European countries. This is because Russia and Ukraine export materials and natural resources to some European countries (Wertz, 2022). But the emergence of war caused this trade to not go smoothly. The solution can be to not rely too much on raw materials from other countries and try to produce in their own countries because no one can guarantee that what will happen in the next second will affect the supply chain. Issue two: Retail recession problems due to the pandemic. Retail business is much worse than before as the pandemic affects consumers' desire to shop (Deloitte, 2023). The solution can be interacting with consumers through email or store social media account to see if they can stimulate their desire to shop.

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 important to Reaganomics because it would be beneficial to both parties if the Reagan administration helped prop up the CBI countries. The Reagan administration's efforts to help the Caribbean Basin countries develop new markets for their trade exports had positive effects on the U.S. economy (for example, fewer goods were spot-checked or confiscated). This is because US imports or exports of goods need to pass through the CBI countries area (Rosen, 2002, pg.131, par.2). The new act that the Reagan administration created for the CBI will help reduce unemployment in CBI countries. And more families in CBI were able to sustain their daily lives with the help of Reagan.

During Manuel Noriega's tenure, he dealt with matters related to the Panama Canal, such as military and political aspects. The appearance of Noriega is the most direct factor that directly led to the deadlock in the relationship between the United States and Panama. But at the same time, his presence is very necessary. The significance of Noriega related to Rosen is that Noriega is an important person who

affects both parties' (US and Panama) trade and economic relations. It is because the Panama Canal is one of the most important trade waterways (Hooper, 2010) if the US has trade relations with CBI countries or Central American. And if the shipping method is using the waterway, then some of the shipping paths have to be across the Panama Canal.

The Contra Army emerged out of dissatisfaction with the social unrest caused by the left-wing (The Editors of Encyclopaedia Britannica, 2023). The US government at that time (Reagan) did not agree with what the Contra Army was doing, and the Iran-Contra Affair was also happening at this time because of the disagreement. In this case, the Reagan administration tried to make the Iranian government compromise through illegal means (the Presidents, 1996-2023). One thinks Contra does not have much to do with what Rosen's book says, but the Contra Army has something to do with the Sandinistas.

Sandinistas is a left-wing military organization in Nicaragua (The Editors of Encyclopaedia Britannica, 2023). The Sandinistas stand against the US and the Contra Army. Oppressed from many sources, such as the economy no longer receives support from the Reagan administration (Pearson, 2005). And strong opposition from opponents led to the Sandinistas overthrow. The significance of the Sandinistas as related to Rosen is that the left wing represented by the Sandinistas is in Central America (Nicaragua). Yet Central America is experiencing a major crisis because of the Sandinistas. Rosen states on page 131, paragraph one that the United States is economically and militarily assisting Central American opposition against the Sandinistas (left-wing).

During Fidel Castro's term, he let Cuba initiative become a communist country (The Editors of Encyclopaedia Britannica, 2023). The significance of as it relates to Rosen is that both have a certain relationship with communism. In chapter three of Rosen's book, it is described that, to prevent the spread of communism in Asia and the world too quickly, the United States chose to help Japan rebuild their homeland after the war (Rosen, 2002, pg.27, par.1). Chapter 8 also describes how the Reagan government created a program called the Caribbean Basin Initiative to help some Caribbean countries economically (Rosen, 2002, pg.129, par.2). This also includes Cuba. But since Cuba stood in opposition to the United States, which did not want communism to grow too fast, however, Castro made Cuba communist. And Castro represented Cuba as a supporter of the Soviet Union (communism). The above point can be confirmed by the explanation in The People profiles, "The events at the Bay of Pigs in 1961 had quickly led Castro to begin moving even closer to the Soviet Union" (The People Profiles, 2021).

The significance of Panama Canal is that it saves time when the overseas shipping process is occurring (Maurer & Rauch, 2019). For example, country P and country J have negotiated a business, which requires the exchange of goods through waterway transportation. Before the opening of the Panama Canal, it took about

two months from country P to country J. But it may take half as long afterwards. This shows the importance of the Panama Canal to trade.

Noriega's extradition to France was necessary and linked to his time as Panamanian dictator. This is because of the illegal things he did during his administration, and these illegal things not only harmed himself but also affected the people of the country. Noriega was extradited to France to face sentencing for not only breaking the law in the United States during his time as dictator but also using French banks to obtain money from illegal activities like drug trafficking, then legitimizing the money in various shady ways (Phillips, 2010).

The event of Noriega's extradition to France is not related to the current situation in Nepal; the current situation in Nepal is about the "battle" between the Nepal government and BNA. There is no connection between these two incidents because the Noriega event involves other countries (somehow it is an international event). The recent incident in Nepal is a domestic incident because the emergence of BNA pointed out that the Nepalese government is managing the country with an irresponsible attitude toward state affairs and people (Mulmi, 2022). The BNA is mainly related to opposition to the Nepalese government's way of dealing with important things.

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.*

During the Reagan administration, trade policy was affected by the U.S. political agenda. Unlike the other presidents or politicians, Reagan was more prefer to free trade (Rosen, 2002, pg.119, par.1). Free trade and reductions in quotas and tariffs mean the export price of clothing from a clothing factory in a certain place will be reduced. Importers will take advantage of this change.

More difficulties would arise if some American clothing was produced in sub-Saharan Africa. This puts pressure on garment manufacturers or exporters from other countries as a new competitor emerges - Africa. Especially for garment factories in Asia, that is because of the appear of historical minimum wages in sub-Saharan Africa's workers' wages (Rosen, 2002, pg. 205, par. 2). More and more US investors are choosing sub-Saharan African manufacturers over Asian manufacturers for the above reasons. If US investors choose sub-Saharan African manufacturers, the physical condition of employees would be a big challenge. It is because the rise in AIDS cases is one of the immediate causes of this challenge.

Symptoms such as confusion and amnesia caused by AIDS (Ucsfhealth, 2002-2023) may affect the decline in garment production and cause some quality problems.

During Chavez administration, Chavez made some political changes that would affect U.S. foreign policy. The first is Chavez's opposite (opposition) opinion on US imperialist policy. And they want to provoke the United States by making verbal struggle against the United States. The second was to build a good relationship with Cuba, one of the enemies of the United States at the time (Thomas, 2013). Through the above actions and stances, the Chavez government has put itself in opposition to the United States. This may lead to minor changes in US foreign policy, and some foreign policies that are not good for Venezuela may appear.

Chilean President Pinochet's approach to power has been violent. During his more than a decade in office, he has used violence as a solution to many problems. However, the real situation of some violent incidents was brought out for re-examination under pressure from various parties after the arrest of President Pinochet (Kornbluh, 2007). These violent behavior by the Pinochet government have attracted public's attention. The result may cause the foreign policy of the United States to change. This is because the scandal surrounding the Chilean president has forced the US to re-judge its relationship with Chile and respond by changing its foreign policy.

President Putin's declaration of war in Ukraine in 2022 could affect U.S. foreign policy. Relations between the United States and Russia may have been strained by the war between Ukraine and Russia. This is because many countries in the world do not support Russia's move (Russia-Ukraine War), including the United States. The U.S. is taking halting action on energy imports from Russia as a response to not supporting Russia's call for war (Walt, 2023).

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