

Technology Entrepreneurship: HDCS 4370
Quiz #4: The Introduction
Dr. Adomaitis

Yinghe Zhao (name)

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

- a. What was GATT and how did it facilitate trade? How did it differ from the Marshall Plan?(2 pts)
GATT's full name is The General Agreement on Tariffs and Trade. Its aim was to help to rebuild the countries that allied with the United States after the war. GATT was a symbol that the U.S. opening its trade markets to European markets. The GATT facilitates trade by reducing tariffs and importing low-wage products (textiles and clothing) into the American market from other countries around the world (Rosen, 2002, Pg.57, Par.1).

The biggest difference between GATT and the Marshall Plan is that GATT stands for trade liberalization and tariff reduction. The Marshall Plan was a plan for the economic recovery of Europe after World War II (Rosen, 2002, Pg.57, Par.1). But GATT and the Marshall Plan had one thing in common: they both helped to rebuild the economy after the war.
- 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)
The statement means in the past, there were two kinds of trade relations. One is that developed countries have equal trade relations with developed countries. But the trade relationship with underdeveloped or developing countries is completely opposite. The most common is that developed countries build sweatshops in underdeveloped countries and then pay very little to the workers (Rosen, 2002, Pg,57, Par,2). These types of trade relations have some similarities with previous colonial economic relationships, the colony was treated unfairly by its colonists. I remember that I learned about this in my middle school history class.
- 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)
At first, the constitution gave the Congress the power to control tariffs (Rosen, 2002, Pg.57, Par.4). From the passage of the Reciprocal Trade Agreements Act (RTA) of 1934, President Franklin Delano Roosevelt has the right to control tariffs (Rosen, 2002, Pg.58, Par.2).

The Hawley-Smoot Tariff Act is closely related to the occurrence of this shift. Some who oppose the act believe it will be detrimental to American interests. The act is associated with increased tariffs. However, other nations will respond with increased tariffs. Rosen explains, "Other countries retaliated, rising their own tariffs for U.S. exports." (Rosen, 2002, Pg.58, Par.2).

- 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)

There has been a lot of talk about how the French defeat at Dien Bien Phu because this defeat affected some political decisions in the United States. Rosen writes, "Congress passed the president's bill;" (Rosen, 2002, Pg.65, Par.5). Due to the resurgence of communism, which the United States had been afraid of, Dien Bien Phu's defeat also affected American history. The entrance of communism accelerated France's defeat. The United States then pay more attention to this defeat out of concern that the spread of communism in Southeast Asia posed a threat to the U.S.. Additionally, the United States needed alliances from other countries to support them (Rosen, 2002, Pg.65, Par.2).

As a result of the defeat, there is a growing backlash against Congressmen who supported protectionism and a growing support for trade liberalization that without too much restraint or retaliation. Subsequently, the congressional representatives also took a stand and did not support protectionism (Rosen, 2002, Pg.66, Par.1). As a result, it is possible that it influenced how others perceive those Congressmen who support protectionism policy and questioned their approach.

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

First, legislate import quotas for East Asia (Rosen, 2002, Pg.73, Par.2). This compromise allows more countries to export their textile and apparel to the United States, and it helps to promote trade between countries. It is also one way to overcome trade barriers. It reduces the difficulty that other countries export to the United States.

Second, develop new policy named the Trade Expansion Act (TEA) to replace the old policy – RTA (Rosen, 2002, Pg.74, Par.2). The immediate beneficiaries of this compromise are workers and the textile industries. It brought more benefits, such as pre-employment training, given to employees working in textile mills. In the past, pre-employment training was rare, unlike today, when most companies require pre-employment training. Pre-employment training can help employees get better at their jobs and get used to the workplace before they start. And subsidies for textile mills that develop new technologies (Rosen, 2002, Pg.74, Par.2).