FRAISED INTERACTIONS: THE ROLE OF THE 1974 MULTIFIBER
ARRANGEMENT IN DEVELOPMENT REGIMES IN SOUTH KOREA

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## Abbreviations

<table>
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<th>Description</th>
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<tr>
<td>ATC</td>
<td>Agreement on Textiles and Clothing</td>
</tr>
<tr>
<td>EEC</td>
<td>European Economic Community</td>
</tr>
<tr>
<td>GATT</td>
<td>General Agreement on Tariffs and Trade</td>
</tr>
<tr>
<td>KCIA</td>
<td>Korean Central Intelligence Agency</td>
</tr>
<tr>
<td>LDC</td>
<td>Least-developed country</td>
</tr>
<tr>
<td>LTA</td>
<td>Long-term Arrangement Regarding International Trade in Cotton Textiles</td>
</tr>
<tr>
<td>MFA</td>
<td>Multifiber Arrangement</td>
</tr>
<tr>
<td>MFN</td>
<td>Most-favored Nation status</td>
</tr>
<tr>
<td>RMG</td>
<td>Ready-made garments (i.e., mass-produced finished garments)</td>
</tr>
<tr>
<td>ROK</td>
<td>Republic of Korea</td>
</tr>
<tr>
<td>STA</td>
<td>Short-term Arrangement Regarding International Trade in Cotton Textiles</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organization</td>
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Chronology

1934  Reciprocal Trade Agreements Act
1948  General Agreement on Tariffs and Trade enacted
1955  Japan agrees to “voluntary” export restraints (VERs) on cotton textiles shipped to US
1956  Agricultural Act – “Farm Bill”
1961  Short Term Agreement Arrangement Regarding International Trade in Cotton Textiles (STA)
1961  JFK elected as US President
1961  May – Park Chung Hee stages coup in South Korea
1961  Long Term Agreement Regarding International Trade on Cotton Textiles - 5 year plan
1963  JFK dies
1967  Lyndon B. Johnson elected as President
1969  LTA 3-year extension
1969  Lyndon B Johnson’s term ends
1969  Richard Nixon elected as President
1970  LTA 3-year extension
1974  June - Multifiber Arrangement (MFA)
1974  Aug 9 - Nixon leaves office
1977  MFA renewed
1981  MFA renewed
1986  MFA renewed
1991  MFA renewed through 1994
1991  GATT Uruguay Round trade negotiations. Agreement on Textiles and Clothing (ATC) begins to take shape.
1995  ATC final version implemented, quantitative restrictions begin
2005  May - US announced imposition of new quotas in 3 categories
2005  June – All quotas eliminated
Chapter 1: Introduction

In April 1979, 130 Bangladeshi employees of Desh Group arrived at the Daewoo Textile factory in Pusan, near the southeastern tip of the South Korean peninsula. The Bangladeshi group had left their homes and flown nearly 2,500 miles to receive training in modern textile machinery. A large investment was tied up in this meeting: Daewoo had agreed to pay for the travel, instruction, and living expenses for the Bangladeshis who would live in South Korea until September of that year. In return, Daewoo would receive a percentage of Desh Group’s profits once its employees returned to work in Bangladesh. It was an innovative union, but also one for which the people involved were not wholly prepared.

Upon arrival, the Bangladeshi group looked at the Koreans who would be teaching them and found faces that seemed entirely alien, faces that mirrored their own inquisitive gaze. Many of the Koreans working at Daewoo had never seen a Bangladeshi before, and neither had many—if any—Bangladeshis seen a Korean person. Given the language barrier and the sudden influx of people who were so intensely other, interactions were initially quite awkward. Fortunately, there are ways to share and communicate that transcend language: exchanging cultural information and pleasures through arts and food are just two possible means to bridge the gap. And come mealtime, the Bangladeshis opened containers of their fragrant home-style food, rich in cumin, coriander, and turmeric, among other seasonings. Meanwhile the Koreans brought their own aromatic cuisine, ripe with pickled, crunchy vegetables and peppery sauces. The fragrances wafted through the air and were immediate cause for a dual and unbridled offense to the senses.
The Bangladeshi camp noted that “The problem we had was the stinky food—the kimchi. . . We could not eat them. . . Some girls were vomiting.”¹ Daewoo machinery trainer Kim Eun Hee said of their guests that, “When they were around, there were these different spices that I could smell from them. . . It was not too easy at first to approach them and to be near them.”² Something as seemingly simple—but ostensibly powerful—as the smell of each other’s food had been enough for them to reject each other, the process of globalization, and the development schemes that had brought them together. But a few admonishing words from the Daewoo Company CEO reminded them that they had no other choice but to “suck it up.” The CEO was very aware of what was at stake: not only was a significant amount of capital tied up in the Daewoo-Desh venture, but the expansion of the ROK’s textile industry—indeed, the development of the ROK itself—required such creative and unusual alliances to circumvent efforts by the US to restrict access to its immensely profitable markets.

Such efforts on the part of the US were due to the mobilization of American textile workers who helplessly watch as their factories were shuttered while feeling distraught over the heaps of foreign imports. Domestic textile interests struggled to affect the kind of change they wanted, but eventually found a political ally in Richard Nixon. In 1974, Nixon’s administration oversaw the signing of the Arrangement Regarding International Trade in Textiles, more commonly known as the Multifiber Arrangement (MFA). The MFA allowed importing countries to institute quota limits on the amount of textiles they would allow in. For instance, the US could specify a certain number of towels or blouses or bras that it would accept from South Korea as

² Ibid.
imports. While such an agreement may sound mundane, it must be considered in light of the fact that South Korea’s explosive development was in part dependent on its productive textile industry. Textile exports had helped the ROK to make the shift from a nation wracked by post-war poverty to an economic power to be reckoned with in a matter of decades. In fact, textiles and clothing accounted for approximately 40% of the ROK’s total exports from 1970-1973.\(^3\) As South Korean president Park Chung-hee’s visions of development began to trend from light to heavy industry, textiles and clothing began to make up a smaller proportion of exports although the sector itself did not shrink. In fact, the value of textile and clothing exports continued to increase massively upward: in 1970, exports amounted to $1 billion (adjusted for inflation), by 1975 that figure had increased to $5.4 billion, and by 1980 foreign exports totaled $17 billion.\(^4\)

It was these staggering numbers that the US sought to curb through quota restrictions, but which left the ROK feeling rather hamstrung, though not defeated. With their heads knocking against the quota ceilings, South Koreans realized that there was a loophole: some poorer nations, such as Bangladesh, were labeled as “least-developed countries” and not subjected to quota restrictions. By working with and through a place like Bangladesh, unfettered access to the US markets was once more possible. It was this context in which the Desh-Daewoo partnership was formed, this context in which there came to be friction over the clashing smells of curry and kimchi. It is a tale for which the significance is due, in part, to the fact that despite the US’s global political heft, economic power, and best efforts, a country that had once been among the


\(^4\) Ibid.
poorest in the world dodged American-oriented development and dictated its own path—a path not without idiosyncrasies and problematic aspects, yet one that indisputably belonged to South Korean alone.

To address the problematic issues of this development path, the central question of this discussion is borrowed from Mikyoung Kim, who argued that we must analyze the issue of “growth for whom and for what?”5 In this thesis I will seek to address this question by examining how the “underdeveloped” nation of South Korea was able to independently fashion itself in the 1970s due to two specific factors: state support of a large textile industry and the state’s ability to find successful workarounds for international regulations on textile exports. I will also seek to examine how this change was to come at a cost to the economic, physical, and social wellbeing of the laborers who produced cheap textiles—particularly women, and argue that the advances carried forth by textile laborers transformed South Korea from a dependent client state into a patron state that in turn sought client states of its own to advance their own textile production agenda. This will be done primarily by examining the particular relationship between South Korea and Bangladesh’s linked textile industries and how this link was forged as a specific reaction to the US’s imperialistic formation and deployment of the Multifiber Arrangement in 1974.

Historiographical Context
Various disciplines ranging from economics to political science to history have provided illuminating studies of the development of the MFA. Vinod Aggarwal and Neils Blokker have written particularly thorough monographs on the subject and have particularly useful discussions...

of how the MFA contradicted the very goals that it was premised on. However, Aggarwal and Blokker’s texts are indicative of a tendency for scholars to write the history of the MFA so that a country such as South Korea is always a peripheral actor, lumped together with Taiwan and China, while the activities of Japan and Hong Kong tend to receive more extended treatment. While Japan has an important role, my discussion seeks to bring the previously peripheral nation of South Korea forward. While a growing collection of journal articles (see Hamilton and Kim, Wohn) has illuminated a more recent trend of using the MFA as a lens through which to discuss economic development under Park Chung-hee’s authoritarian regime and the challenges faced by the Korean textile industry after the MFA came to an end. However, such meticulous work often remains somewhat silent on American textile interests and President Nixon’s concurrent efforts to exert control over the global trade in textiles for their own benefit. William Appleman Williams has argued that “when an advanced industrial nation plays, or tries to play, a controlling and one-sided role in the development of a weaker economy, then the policy of the more powerful country can with accuracy and candor only be described as imperial.”6 In line with this, I also contend that such an effort was part of the US’s empire building project.

With regard to the experiences of textile workers in the US, Timothy Minchin has written an excellent monograph that argues that the decline of the textile industry in the US should and could play a more significant role in deindustrialization studies, which have tended to focus on heavy industries. He makes particularly fascinating contributions in his illuminating vignettes

regarding the affective ties that mill workers felt for the textile industry, a phenomenon that we will see echoed in the accounts of both Korean and Bangladeshi female textile workers.

Of the textile industry in Asia, Jun Yoo, Patricia Tsurumi, and Ruth Barracloough have utilized fascinating sources such as songs and proletarian literature to examine the female textile worker’s complicated understanding of her own significance, interchangeability in the industry, and experiences of exploitation. In addition, work done by Janice Kim on female textile workers in Korea has critiqued the existing historiography for being overly-focused on nation and class, rather than the self-mobilization of women in response to their day-to-day needs. She, like the aforementioned scholars, has also espoused an approach that does not limit itself to focusing on the wretched aspects of the textile worker’s experience, although that is a serious component of any such history. Mikyoung Kim notes that the “international division of labour [sic] and the mobility of capital accrue salient empirical implications for women’s lives in the developing economies.”7 It is an aim of this thesis to address some of these implications within women’s textile work. Understanding women’s work in the textile industry is particularly important for any efforts to understand the larger process of development in South Korea, particularly as women made up the majority of laborers working in textile production.

Finally, this argument rests on the weighty body of scholarship on South Korea’s economic development during and after the colonial period (see Cumings, Eckert, Lee, Woo-Cumings). Memories of the violence of oppressive colonial rule were left behind along with a financially valuable material legacy that established an advantageous base from which South Korean development was to proceed. One of the most prominent historians of Korea, Bruce

Cumings, sums up the colonial period as follows: “Politically Koreans could barely breathe, but economically there was significant, if unevenly distributed, growth…Growth rates in the Korean economy often outstripped those in Japan itself.” The “uneven development” approach is an important corrective to histories that have focused rather narrowly on the numerous injustices of the colonial period while losing sight of the fact that this was also the period in which the foundation for South Korea’s modern economy was being laid. Meredith Woo-Cumings has eloquently argued that this was the period in which Korea was to become a participant in the global movement of capital:

Now, if an important theme were to be singled out in the foregoing discussion of the Japanese conquest of Korea—with banks as condottieri—it has to be that of the dehermitization of the Hermit Kingdom, or in the terms of dependency theory, the incorporation of Korea into the capitalist world market. This is a fact embarrassingly obvious, and almost tautological given the colonial context, but worth repeating as a corrective to the prevailing academic thinking in which 1965 is permanently inscribed as the annus mirabilis, a turn to the world market. Indeed, Korea’s economy was expanding at an astounding ten percent per annum. Scholars have argued for a more nuanced view of this period of uneven development, of repression alongside infrastructural changes, including communications networks, roads, and the importing of technology—including spinning and weaving machines—that indelibly marked South Korean development agendas for decades to come. Meredith Woo-Cumings’ findings regarding this latter issue are extremely important, as she specifically addresses the concentrated growth of the textile industry during the colonial period. She found that over 20% of working people were

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10 Ibid., 168.
employed in textile manufacturing.\textsuperscript{11} Woo-Cumings has also produced fascinating statistics that have shown how “the number of spindles in Korea was 15,000 in 1934 but increased to 213,000 by 1939. . . . textile factories in the Seoul-Inchon area became the main pull for industrial growth in 1930-1936.”\textsuperscript{12} South Korea’s colonial development was made possible, in part, by the success of its textile industry. Lie, Cumings, and Woo-Cumings have also done important work on postwar South Korea under its first president, the US-backed Syngman Rhee. The US government had taken quite an interest in South Korea after the colonial period. They orchestrated the split of the Korean peninsula and, motivated by fears of the spread of communism, sought continued administrative control thereafter. Their visions for South Korean development were fairly narrow: they wanted it to serve as a market for Japanese growth. While Syngman Rhee managed to extract a great deal of financial aid from the US, very little of it was actually put to use in developing the economy. Cronyism and corruption ran amok, and the US condoned it. The US government was more interested in what it could do \textit{with} South Korea, rather than what it could \textit{for} it. As a patron state, the US was financially valuable but politically crippling. This was to change after Syngman Rhee was ousted and Park Chung-hee took control. At that point, South Korea began a process of explosive development in ways that often directly contradicted US plans. Such development achieved immense financial gains, but the question of whom that development was for is critical.

At this point, it becomes important to engage Arturo Escobar’s approach in problematizing the discourse surrounding development, with “discourses” defined by Escobar as:

\begin{quote}
\textsuperscript{11} Ibid., 37.
\textsuperscript{12} Ibid.
\end{quote}
A system of relations [that] establishes a discursive practice that sets the rules of the game: who can speak, from what points of view, with what authority, and according to what criteria of expertise; it sets the rules that must be followed for this or that problem, theory, or object to emerge and be named, analyzed, and eventually transformed into a policy or a plan.¹³

His approach will be particularly useful as I seek to analyze the ways that the purportedly positive process of development was actually rife with contradictions and violence.

This thesis will seek to tie together these bodies of historiography. I will use this story of cultural collision to center my examination of the role of the textile industry in transnational development agendas, particularly with regard to the events leading up to and coming after the Multifiber Arrangement.

Organization

Chapter 2 begins with a vignette about a young textile worker and examines the period of compressed development in South Korea under a military dictatorship and the successes that were achieved as well as the injuries that were done. Chapter 3 examines the ways in which the US’s foreign trade policy concerns came to focus increasingly on textiles. Chapter 4 discusses Richard Nixon’s political debts to US textile interests and how that culminated in the Multifiber Arrangement. Chapter 5 is a case study of the Daewoo-Desh partnership, which illuminates how South Korea sought to set their own pace for development by working around the MFA. The logistics of their arrangement will be described in order to set the stage to analyze development under the South Korean regime. Last, chapter 6 contains conclusions as well as some possible avenues for further study.

Chapter 2: Korean Economic Development Beginning in the 1960s

In 1970, Chŏn Tae-il was 22 years old when he publically immolated himself to protest the working conditions at the Seoul Peace Market, an area with hundreds of garment producing businesses crushed together. The working conditions at the Peace Market were horrid: laborers were subjected to 13-16-hour days with two days off a month, if they were lucky; the workspace was a compartment 3 feet tall; the air did not circulate well and there was little light; constant exposure to the textile production process resulted in respiratory and other medical problems. The largely female workforce huddled over Japanese sewing machines, performing physically grueling, monotonous work. Marx, in describing the condition of the oppressed laborer declared that “even the need for fresh air ceases to be a need for the worker. Man returns to a cave dwelling . . . which he continues to occupy only precariously, it being for him an alien habitation.”14 The Seoul Peace Market was uncomfortably similar to such a cave dwelling.

The capitalist system as described by Marx is one that alienates the workers from their work, nature, and themselves. This notion was to be hammered home for Chŏn all too often and was to bring him great pain as he felt a deep emotional attachment to his fellow laborers. At the Peace Market, he conducted a survey and found that there were approximately 10,000 employees, of which 4,000 were machinists, 4,000 were helpers, 700 were cutters, 300 were managers, and 1,000 were classified as “entrepreneurs.”15 The workforce was dominated by women, with only 10-20% being men. As shown in table 1, the machinists were mostly women

14 Marx, Economic Manuscripts, 102.

and the cutters were largely men. The cutters had a much more lenient work schedule, often finishing several hours before the rest of the workers although they tended to make more as well.

<table>
<thead>
<tr>
<th>Position</th>
<th>Experience Required (cumulative)</th>
<th>Average Monthly Pay in 1970</th>
<th>Nature of Work</th>
<th>Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Helpers</td>
<td>0 years</td>
<td>1,800-3,500 won ($4.50-7.50 USD)</td>
<td>Ironing, cutting off loose threads, distributing threads and buttons, and running errands</td>
<td>12-21 years</td>
</tr>
<tr>
<td>Assistant machinist</td>
<td>1.5-2 years</td>
<td>3,000-15,000 won ($7.50-37.50 USD)</td>
<td>Higher wages than helpers. Has trained under a cutter or a machinist.</td>
<td>19-38 years</td>
</tr>
<tr>
<td>Machinist</td>
<td>3-4 years</td>
<td>7,000-25,000 won ($17.50-$62.50)</td>
<td>All women. Some were on contract salary, like the helpers and assistant machinists. Some had wages based on quantity of goods produced. Did the more difficult sewing work, such as zippers or collars.</td>
<td>19-38 years</td>
</tr>
<tr>
<td>“Boss” Machinist</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cutters</td>
<td>-</td>
<td>15,000-30,000 won</td>
<td>Mostly men. Cut the amount of fabric that would be used that day.</td>
<td>22-50 years</td>
</tr>
</tbody>
</table>


Chŏn’s minuscule salary would sometimes go toward helping other workers who were ailing physically or who had emergency expenses to take care of. Despite Chŏn’s generosity and the shared miserable experience at the Seoul Peace Market, people were hesitant to communicate their grievances to the factory owners or even to each other. Their labor pool was large and those who complained could expect reprisals in the form of less or worse work, subjection to verbal

¹⁶ Ibid., 276.
harassment, and sometimes even physical abuses beyond those offered by the environment itself. This only contributed further to Chŏn sense of alienation:

There are loud metallic noises and the irritated voices of the machinists. I cannot distinguish what is real from unreal, but I keep on working hard. It is meaningless. Just doing it the way I know. Other than what I am doing, I am oblivious. No, even what I am doing now is being done mechanically and automatically. I am actually nothing more than an observer of my own work.\textsuperscript{17}

He recorded his numerous thoughts on the labor conditions and his writings were replete with overt critiques of capitalism: “I hate this era where people become commodities, where a person’s individuality and basic aspirations are scorned, where the branches of hope are lopped off. I hate a humanity that chooses to degrade itself into commodities in return for existence.”\textsuperscript{18}

His despair was only to increase. He later was to tellingly wrote, “It wasn’t he who was shoveling, but his filthy cap.”\textsuperscript{19} Reduced to his dirty hat as a signifier of his labor and his uniformity, Chŏn could no longer grasp the pleasures of life. As a consequence, he also began to lose sight of those aspects of his existence that reminded him of his humanity. He instead sensed that he was measured by his productive capacity.

In the Peace Market, Chŏn was promoted, and he became increasingly relied upon to do additional work, though he was not regularly paid. Chŏn eventually came to learn of the Labor Standards Law, which established conditions that would have alleviated much of the violence that he was observing. He was energized by this discovery and subsequently crushed when his successful effort to publicize the plight of the worker was met with government apathy. In mid-

\textsuperscript{17} Ibid., 147.

\textsuperscript{18} Ibid., 200.

\textsuperscript{19} Ibid., 206.
November 1970, Chŏn was part of a labor demonstration at the Peace Market. The police arrived and shut it down, after which Chŏn proceeded to pour gasoline on his body and was lit on fire. While Chŏn was engulfed in the flames, he was said to have screamed, “Follow the labor standards law! We are not machines! Let us have Sundays off! Don’t exploit the workers! They are not machines!”

This moment of frightening and spectaculrly horrifying self-violence was to mobilize and unify a fluttering labor movement. “Making demands to protect labour [sic] rights was equated with challenging the government policies to lift the country from poverty, and the Peace Market case posed the question of ‘growth for whom and for what?’” This, as previously stated, is one of the central questions of this thesis as well. Chŏn’s mother, who became very active in the labor movement after her son’s death reminisced about him and said that: “he spent the last fibre [sic] of his being in an attempt to lead a human life.” The fact that his working conditions had so efficiently and ruthlessly cleaved him from the sense of his own meaning is appalling. But Chŏn’s immolation and the subsequent scrutiny on the working conditions in the textile industry are important to keep in mind as the decade leading up to that moment of violence has been admiringly termed the “miracle on the Han.”

Under President Park Chung-hee’s administration, it becomes evident that such an economic miracle was achieved, in part, through a system that exploited people such as those producing textiles and clothing at the Peace Market—people like Chŏn Tae-il. Chŏn himself

20 Ibid., 315.
21 Kim, "Gender, Work and Resistance,” 419.
22 Cho, Single Spark, 114.
located the locus of his suffering in the system of capitalism, and not Park Chung-hee’s
development regime, which was rather surprising. But for the purposes of this discussion, it is
now necessary to examine the economic changes instituted by Park Chung-hee. This chapter will
seek to outline the changes that were to 1) make South Korea a global contender in the global
textile industry and 2) illustrate how Park’s vision for South Korea was for it to shed its client
state status and to achieve economic independence. This two-fold goal will help to delineate how
South Korea was to become a patron state by the time that the MFA emerged in 1974.

Park Chung-hee Takes Over
The ROK’s first president, the US-backed Syngman Rhee, was growing increasingly
unpopular. The unscrupulous means by which he wielded his political power, culminating in
what was a clearly rigged election in March 1960, triggered a series of protests for which high
school and university students mobilized en masse. The protests spread to the capital, and on
April 19, 1960, 168 protesters were killed and 1,600 more were injured after scuffling with
Rhee’s police in Seoul. Less than a week later on April 25, 1960, university professors organized
a new protest against Rhee. At this point, the US was fed up with Rhee. They ceased their
support for him and he resigned on April 26, 1960. After this, Chang Myon, the Prime Minister,
became the de facto leader. He wanted to reduce the military by half and, under his short-lived
administration, the political left began to make a comeback. On May 16, 1961, his tenure ended
when the Major General Park Chung-hee and 1,600 soldiers seized control in a bloodless
military coup. 23

23 Taehyun Kim and Chang Jae Baik, "Taming and Tamed by the United States" Edited
by Pyŏng-guk Kim and Ezra F. Vogel, In The Park Chung Hee Era: The Transformation of
The US did not make a fuss afterward. Park was staunchly anticommunist and his philosophy of economic independence was one that the US was inclined to be very supportive of, especially as the enormous military and aid costs in South Korea had become subject to increasing scrutiny. The US administration did ask that Park return South Korea to a democratic form of government. Park acquiesced to this and reassured the US that he did intend to hold elections in 1963, two years later. Until then, the ROK was to be ruled by Park’s “emergency” military junta.

Park soon began a campaign of sweeping and oppressive reforms under the authority of martial law. Such changes were particularly enacted through the Supreme Council for National Reconstruction (SCNR) and the Korean Central Intelligence Agency (KCIA). The SCNR’s ideals were austerity and purity: they arrested beggars and others on the social margins; rationed rice; outlawed smuggling, black markets, and usury; stopped the theft of electricity, which had been so pervasive that “in the capital only one street is lighted at night”; and instituted an evening curfew. Businessmen who had profited because of Rhee’s corruption were corralled and marched through the street. The KCIA was to become an organization associated with intrigue, torture, and violence; they were the muscle behind junta rule. Within the first week of Park’s administration, thousands of politicians were arrested and fired and newspapers were shut down. Park smartly realized that there must be significant economic development to justify the harsh


25 Cumings, Korea’s Place, 370. By the 1970s the extensive KCIA network of “agents were everywhere, not just in all potentially oppositional political groups but in newspaper offices, radio and TV stations, company unions, college classrooms in Korea—even in college classrooms in the United States.”
changes. With Rhee so recently deposed due to popular uprising, Park knew that he had to produce big changes quickly, and he wisely thought to improve the national economy, which had faltered weakly as Syngman Rhee leveraged the US’s waning desire to act as a patron state with a tendency for erratic behaviors and cronyism. Converted into today’s dollar value, Korea’s gross domestic product (GDP) per capita in 1960 was a mere $155.60. To put this into a broader perspective, in that same year Japan’s GDP per capita was equivalent today to about $479.00, while the US was reeling in a whopping $3,007.12 per capita. Park needed the moribund economy to turn around, and quickly at that.

He tasked the Economic Planning Board with formulating the financial development policy for the nation and to write and propose a series of 5-year economic development plans. The US had previously encouraged President Rhee to develop such 5-year plans, but he had turned them down. In Park, they found a much more willing ally. The first plan was proposed in January 1962. Some key characteristics included the following: a switch away from import-substitution industrialization and a turn toward export-oriented industrialization—at first through textile products and then later through heavy manufacturing industries; government support and regulation of private business; state control of the bank; and a move from foreign aid to foreign loans, which would allow the ROK to develop an internationally reputable credit history which would in turn give it broader access to international business.

The US government was skeptical of these plans, as it wanted Park to pursue light industries. Park defied them. After government support had built up a robust textile export industry, Park turned his attention toward the pursuit of heavy industries, including steel and

chemicals. Unusual, but surprisingly effective development continued under Park: plans for a South Korean steel mill began to take shape despite this idea being ludicrous on paper. South Korea did not have the natural resources available to regularly supply such an expensive facility even if it could have been built. “Thus, the potential donors faced arguably the worst business proposal in human history—a state-owned company, run by a politically appointed soldier, making a product that all received economic theories said was not suitable to the country.” But Park’s administration managed to convince the Japanese to funnel reparation monies into an investment in a steel mill. Thus was the Pohang Iron and Steel Company (POSCO) formed. By the 1980s it was to be recognized as one of the most cost-efficient facilities in the world. POSCO was but one of the big corporations flourishing with government support. While the state was extremely politically repressive, the economic development it achieved was truly remarkable.

This concurrence of state planning and coincidence resulted in “the Miracle on the Han.” While the staggering economic growth during this period has sometimes inspired academics to try to appropriate it as a development model, that is perhaps an unnecessarily fruitless endeavor. The ROK’s past is mired in the fact that development occurred despite—and because of—a history of foreign intrusion, intranational discord, and national development all within a broader global context. Nevertheless, several models have been formulated in an attempt to explain the particular success of South Korea.

The Cultural Explanation

In an attempt to understand Korea’s experience with rapid industrialization, the anthropologist Kim Choong Soon conducted an ethnographic study of the highly successful Poongsan Corporation, a steel works company of substantial size. He advanced the argument that a more complex understanding of the Korean work ethic needed to engage in 1) re-conceptualizing the Confucian ideal of “harmony” to understand that it coexists with a culture of fierce competition; 2) rethinking the impact of Confucianism, which is always cited as a critical element of east Asian success; and 3) the element of Han.\(^2\)

Of Han, popular author Park Kyong-ni remarked that, “It has generally been understood as a sort of resentment. But I think it means both sadness and hope at the same time. You can think of Han as the core of life, the pathway leading from birth to death.”\(^3\) Han is “the ineffable sadness of being Korean . . . an all-encompassing sense of bitterness, a mixture of angst, endurance and a yearning for revenge that tests a person's soul, a condition marked by deep sorrow and a sense of incompleteness.”\(^4\) This amorphous and abstruse feeling is one that is said to pervade and define the national spirit, a product of the violence done during colonization.


Infrastructure and Other Economic Advantages

As stated in the historiography section of the introduction, the major scholars in modern Korean history agree that the period of colonization bequeathed a significant material legacy to postcolonial Korea. John Lie has argued that the rapid accumulation of wealth in the ROK was not the sole result of perceptive planning, but rather that “contingent, external factors—not planned, internal ones—proved critical in propelling South Korean light industrialization and export.”

Lie has argued that the rapid economic development was due in part to the legacy of the Japanese colonial period and to the advent of the Vietnam War.

When the Japanese administration departed from the Korean peninsula, they left all the factories they had owned, the machinery they had bought, and, of course, the infrastructure that they had already built. “In other words, South Korean enterprises assumed the low-technology, labor-intensive, pollution producing, and low value-added production that Japanese companies had abandoned . . . South Korean industry dressed itself in Japanese corporate hand-me-downs.”

The ROK was able to further benefit from this “salvaged or developed capital” when Park Chung-hee concluded a Normalization Treaty with Japan. After this, foreign investment began to pour into the ROK: in 1965, it was valued at $1.2 million, and by 1967, $27.1 million had come into the country. The aggregate total during this period was approximately $800

31 Lie, *Han Unbound*, 27.
32 Ibid., 60.
million.\textsuperscript{34} Japan in turn facilitated South Korea’s access to their former markets: “From textiles to transistors and black-and-white television sets, South Korean products found ready-made niches in the export market that Japanese businesses had cultivated in the post-World War II period.”\textsuperscript{35} In addition, those Koreans who still possessed Japanese language fluency and possessed or were able to form relationships with Japanese enterprises were critical in the formation of transnational business deals and the development of their own national economy.

\textit{War Wealth}

The Vietnam War began in November 1955. From October 1965 through March 1973, around 300,000 South Korean soldiers were deployed to fight alongside the US.\textsuperscript{36} Their presence there procured important benefits: this move cemented continued US support for Park’s administration and it resulted in an enormous influx of cash. By deploying as many as 50,000 soldiers a year, unemployment levels in the ROK also remained fairly low.\textsuperscript{37} Wages in South Korea at this time were also immensely low, half that of Japan, and lower than the Philippines and Taiwan as well. The wages earned from a year in Vietnam were ten times the annual salary in the ROK, and this money returned home with the deployed soldiers and helped to make the country more prosperous. In addition, “the political goodwill generated by South Korean military intervention facilitated textile trade agreements.”\textsuperscript{38} In any case, no discussion of the success of

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\textsuperscript{34} Lie, \textit{Han Unbound}, 60.
\textsuperscript{35} Ibid., 61.
\textsuperscript{36} Ibid., 60.
\textsuperscript{37} Ibid., 64.
\textsuperscript{38} Ibid., 61.
\end{flushleft}
Varied Experiences: Corporations and Laborers

As Park was determined to protect domestic industries, he leaned heavily upon and was very generous with the chaebol, which became extremely powerful during this period. Despite their power, it has been argued that “chaebols and banks missed the opportunity to equip themselves with the skills needed to be competitive internationally. The protectionist policies also led to slow growth in productivity and eventually to the loss of productiveness, a key cause of the financial crisis.” The Asian Financial Crisis of 1997 was to devastate the economy in Korea and, as a result, the IMF provided Korea with an aid package that would require, among other things, the liberalization of markets.

The chaebol employed so many people and were considered so foundational to the economy that they were considered “too big to fail.” They received government bailouts and even government pardons for financial crimes. Daewoo, over the course of its industrial diversification from textiles to automobile parts and much more, was one of the top 10 chaebols in the nation, usually ranked somewhere near Samsung and Hyundai. Dennis McNamara has referred to the close relationship—even dependence—between business and state as “syncretic capitalism.”

Coordination or integration of a vast serial line of production for export has been a second, continuing feature of textiles in Korea, often joining state, capital, and labor in a

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common project of growth. The need for coordination and concerted action to meet dramatic changes of a fast-growing and now fast-fading industry, in additional to conventional demands for trust in market transactions, have encouraged a combination of often conflicting forms of interest exchange which I term syncretic capitalism.\textsuperscript{40}

This form of capitalism was to both advance the economy and to situate it so that the ’97 Asian Financial Crisis was poised to disrupt the state as severely as it did. While the chaebol owners, including the founder of Daewoo, benefited from the pro-big business attitude, the experiences of laborers in Korean factories necessitate that we once again return to the question of growth for whom and what. South Korean development under Park did indeed seem tailored to benefit chaebol industrialists. But it is impossible to say the same that about the average laborer.

Factory workers during the 1960s and 1970s occupied an immensely important position in relation to Park Chung-hee’s administration as they were both subject to development policies and instrumental in acting to set the course of development for the nation. Furthermore, garment and other industrial workers were among those most exploited by the state-capital alliance that sought to manage labor during the Park Chung-hee era. South Korea’s competitive advantage was its large pool of cheap labor and Korea’s development relied heavily upon utilizing them.

Park’s focus on industrial rather than rural development, particularly in the capital of Seoul, helped to generate an immense exodus of people from hinterland areas. The percentage of farmers in the ROK went from 72% in 1960 to 28% in 1980.\textsuperscript{41} Agrarian industries were not receiving anywhere near the amount of government support that heavy industry was. Jobs were being created in Seoul. And as a result, the population in Seoul rose from 2.4 million to 5.5


\textsuperscript{41} Lie, \textit{Han Unbound}, 111.
million in the 1960s, and, by 1980, 11 million people had made the move from the economic periphery of the country to its core. Of these, many were women. Their experiences are important to examine, for the yŏgong, or “factory girl,” of the 1970s constituted as much as 50.3% of the garment industry workforce in 1960, 57.5% in 1970, and 57.3% in 1980. With regard specifically to apparel manufacturing, the figures are even greater, with women comprising 42.2% of the workforce in 1960, 69.1% in 1970, and 76.7% in 1980.

Robert F. Spencer conducted an ethnographic study of 266 yŏgong between 1972-1978. He found some interesting commonalities among them. The yŏgong were young, most in their late teens and early twenties. Given the high demand for labor in Seoul, they often moved to the capital and thereafter began the search for work and housing. Some could rely on an extended family network upon arriving, but just as many others took up residence in a dormitory or factory housing that they found after moving.

The girls themselves were fairly conscious of the status accorded to the type of work that they were engaged in. “A factory employee may be held in some contempt, but she is at least higher than those whose work allows no acquisition of skills.” Consequently jobs such as those in “domestic service, in waitressing, in the public transportation system, in retailing, and finally, in industry” were available to women, but ideally they would find one that had found a balance between status-raising and decent wages. The immense array of open positions in the

42 Ibid., 111.

43 Kim, "Gender, Work and Resistance,” 414.

44 Ibid., 414-15.

45 Spencer, Yŏgong, 31.
manufacturing industries seems to have provided these girls with opportunities to support themselves, although such positions may have been tinged by their slightly lower status.

The girls also tended to come from large families\(^ {46}\) and each felt a great sense of obligation toward supporting their siblings. Spencer notes that

Individual aspirations, hopes, ambitions characterize the worker. To be sure, a girl may seek various outlets for herself, such as to remain in the city and not return to a backwater, to achieve some higher level of education, to marry upward, or to find some degree of personal independence. However much such goals, often only vaguely articulated, are uppermost, the working girl remains motivated by her involvement in the Confucian ethic which has so pervaded Korean society and culture over centuries."\(^ {47}\)

In this vein, he argues, many of them were quite conscious of their financial obligations, particularly their duty to support their siblings. Remittances from the girls were used to pay for their sibling’s education as well as for the wellbeing of their family. But Spencer believed that it was not merely a capitalist-Confucian mindset that drove these women. He argued that the Confucian ethic was cause for a workplace supervisor to occupy a role rather like the parent. It is also of note that every single person interviewed had only male supervisors. Consequently, “the worker expects, in her work situation, to give of herself and to perform the task assigned. It is unquestionably this attitude, one especially strong among women workers, given the subordinated self-image brought out of the Familial structure, which makes them both willing and productive, and by the same token, disinclined to complain or rebel.”\(^ {48}\) The description of the woman’s passivity sounds remarkably like the Bangladeshi female textile workers who will be

\(^{46}\) Ibid., 28. None of the 266 girls Spencer interviewed were only children. Only three had one sibling, and some had up to twelve. The average was 4.3 siblings.

\(^{47}\) Ibid., 53.

\(^{48}\) Ibid., 54.
examined later. However, his study is largely and unfortunately devoid of the means by which the factory’s capitalists could exert control, which included tactics such as spreading rumors that the girls were not virgins. Another issue is that, as evidenced in Spencer’s contemporaneous account, there has been a tendency to characterize the Asian women as repressed and her acts of resistance as passive. But this notion is one that contemporary scholarship would be terrifically inclined to disagree with. “Women initiated labour [sic] strikes at a time when labour activism was severely repressed and this behaviour [sic] was always in sharp contrast to male workers’ overall labour inactivity during the 1970s.”49 The experience of rapid industrialization was to create both the circumstances in which oppressive labor conditions were to develop as well as a corollary response in the development of politically conscious young women.

Women had many reasons to protest their working conditions. Lee Chong-gak, the second female union president at Dong-il Textile vividly recalls the oppressive heat that radiated throughout the factory despite it being winter. This is how she described her first day at work in the textile manufacturing company in 1966: “The cotton dust looked like falling snow, and the roaring noise from the machines as big as houses felt like it would pierce my eardrums; it was really like hell.”50 In 1974, Jung Seon-soon was also starting her first day, but to her it was “very fun.”51 She, like many others working in a factory, had migrated from a rural province to Seoul, and compared to farm work, textile manufacturing was enjoyable. The experiences of female


50 Ibid., 31.

51 Ibid., 219.
textile workers depended on any number of factors, from the nature of their families to which factory they were working at to the particular and unique degree to which Park’s regime was able to impact them.

At Dong-il Textile in Incheon, union members voted in the first female leader of a Korean union in 1972. The union was 87.8% female and had nearly 1,400 members at that time. Although this was a rousing and pivotal moment for these women, they did not apathetically or uncritically welcome their president-elect simply because of their shared gender. Lee Chong-gak remembers thinking that the new union leader “was probably hassled by those of us with somewhat developed political consciousness. This was because we were tense with pride that we had accomplished something, and we were feeling pressed with the responsibility to protect it.”

Four years later another election was to be held and the women who came in to vote were physically attacked. In the dormitories, some suddenly found that their electricity and water had been cut off. They tried to leave and then found that their doors had also been nailed shut. “Some of the confined women kicked the dormitory door open, while others jumped out of the four-story building. At this point, the workers went on strike.”

From then, the situation escalated: a demonstration was met with police violence. Fecal matter was thrown at women in their union offices. Lee Chong-gak recalled that “they not only sprayed it all over us, they put it into people’s mouths and dumped the buckets on top of people.

52 Pak, Birth of Resistance, 34.

53 Kim, "Gender, Work and Resistance,” 419.
I could not tell if I was having a nightmare or if I was awake.”⁵⁴ Hunger strikes ensued, and more women were imprisoned. Nevertheless, the women remained quite active in trying to educate and mobilize other workers. They developed solidarity in response to the unified violence of the anti-union men who continued to harass them. In reading through Lee Chong-gak’s memories, it is quite evident that the moments of humiliation and fear have not lost any of their potency. And yet, she looks back on this period with fondness—not only because of the way it decisively shaped her own identity, but also because she rather liked her work. She was to again be hired in a sewing factory, but was eventually and inescapably drawn to labor activism once more.

Jung Seon-soon, who reluctantly became involved with the union at the Wonpoong Mobang Textile company found her thinking changing. She began to wonder “why I was grateful only to be sent to middle school in the countryside; why I had to live as a woman, a slave to housework; why I wanted to come to Seoul; why I was living as a worker now; who the workers next to me were; and what was the society that I was living in…”⁵⁵ For her, the factory represented an opportunity for a life beyond countryside conservatism. “Like I had suddenly sprouted wings, I felt like I was floating on air. As soon as I received my monthly wages, I registered at an accounting institute, and began studying for my license. I wanted to achieve all my desires that had been suppressed in a family that thought it was enough for a woman to know how to write her name.”⁵⁶ Her wages allowed her to move away from the Jeolla Province and to support her brother’s education and her family’s wellbeing. And her union activity was essential

⁵⁴ Pak, Birth of Resistance, 43.

⁵⁵ Ibid., 223.

⁵⁶ Ibid., 219.
in developing a sense of personal purpose and identity. In addition, the labor activities of these women was part of the process that turned them into agents of change that were of great concern to the authoritarian administration. Development under Park Chung-hee was supposed to be for the benefit of South Koreans, and from these accounts we see that the range of experiences that would suggest that some seemed to benefit from a great tide of progress while others were met with a more complex and sometimes violent reality.

Even though conflicts such as the ones described above were regular possibilities, garment workers were still performing efficiently, and their cheaply produced textile products were increasingly being held up as augurs of the demise of the US’s domestic textile industry. We shall now turn our attention to the ways in which the US was becoming ever more concerned with control over international textile industries. This concern would drive the US to seek new regulatory mechanisms that would allow it to both protect its domestic industries as well as to control the pace of development for exporting nations.
Chapter 3: Textiles and Escalating Concern in the US

The MFA was signed in 1974, but it was the culmination of several decades worth of trade-regulating legislation. As one of the components of my argument concerns the US and its imperialistic drive to control the foreign trade of textiles, it is necessary here to examine when exactly textiles came to occupy an increasingly prominent role in the minds of politicians. Thus, the first part of this chapter seeks to illuminate the broad nature of trade concerns in the 1920s up until the 1940s. The second part of this chapter concerns the post-WWII clash between the US and Japan in which tensions over tuna imports were rather seamlessly transferred to strained relations over Japanese textile exports. Such exports successfully mobilized domestic textile lobbies, which were justifiably anxious about the fate of their industry. Domestic textile workers were, from that point on, to remain active in their protests, particularly as other developing Asian countries, including South Korea, were also becoming increasingly interpreted as a threat to the domestic textile industry. The final part of this chapter culminates in a discussion of the international textile regulation agreement: first the Short-term and then the Long-term Arrangement on International Trade in Cotton Textiles. These agreements immediately preceded the MFA and were to serve as its blueprints.

Early Trade Concerns

In the US, the Great Depression seized hold of the nation in 1929 and was not to let go for another ten years. Legislators tried to cast a wide net in their efforts to protect their ailing domestic economies from foreign competition, but this attempt failed on a much larger scale, as evidenced by the Smoot-Hawley Tariff Act of 1930. This law caused domestic tariff rates to go up exponentially, which in turn propelled a series of retaliatory and scandalously high foreign tariff rates. This restricted the US’s ability to participate in global trade, and only further
complicated and hindered economic recovery.\textsuperscript{57} This was a sad irony as the Smoot-Hawley Act had been enacted in an effort to shield farmers from foreign imports.\textsuperscript{58} But other, non-farm businesses managed to pressure the US Congress to restrict imports for their benefit too, and the Smoot-Hawley Act became ever more swollen.\textsuperscript{59} This was the moment during the 1930s when protectionism reached its peak. But the 1934 enactment of the Reciprocal Trade Agreements Act\textsuperscript{60} was an effort by President Franklin Delano Roosevelt to move away from the protectionism sparked by the nigh-catastrophic Smoot-Hawley fiasco and to assist working people affected by the Great Depression. It also set a precedent that will be especially critical by the time that Richard Nixon came into office: under this law, the president was given the statutory power to negotiate tariffs and bilateral trade agreements. Such abilities had previously been the sole purview of the US Congress. This series of events was also indicative of the broad nature of trade concerns in the pre-WWII period.

Such a broad approach was also the focus just one year later in July 1944, when the United Nations Monetary and Financial Conference brought together 44 nations in Bretton Woods, New Hampshire, in order to finalize agreements that were intended to create a stable financial system.


\textsuperscript{58} U.S. Congress, Trade Promotion Authority (TPA) and the Role of Congress in Trade Policy, Ian F. Fergusson, Cong. RL33743, Congressional Research Service, 2013, http://fas.org/sgp/crs/misc/RL33743.pdf. The Smoot-Hawley Tariff Act is today still applied to those countries that do not have normal trade relations status (e.g., North Korea).


\textsuperscript{60} The Reciprocal Trade Agreements Act, United States Code § 4-1351(a) (1934).
post-war global economy, including the formation of institutions that would facilitate global trade. The products of these talks were the International Monetary Fund and International Bank for Reconstruction and Development—which together made up the World Bank—and the International Trade Organization (ITO), which—while failing to materialize itself—did produce the General Agreements on Tariffs and Trade (GATT). This latter treaty is perhaps the most significant trade agreement of the century; it was also “the only multilateral instrument governing international trade from 1948 until the WTO [World Trade Organization] was established in 1995.” It is also important to note that such developments also marked an important liberal reversal from protectionist policies such as the Smoot-Hawley Tariff Act. The GATT was intended to be a temporary agreement made during the lengthy, years-long negotiations on the ITO. It was signed by 23 countries in October 1947 and was written so that it could be applied to a large array of tradable commodities. When the ITO negotiations failed, the GATT became a standalone body whose provisions aimed to increase international business by lowering trade barriers while aiding those contracting nations that were deemed “less-developed.” To be sure, the US was anything but, and this was to have significant consequences for the coming focus on textiles in international trade.

By the first half of the 20th century, the US had already participated in two World Wars. However, no conflict had reached American soil, no American infrastructure was destroyed, and,


in fact, wartime participation had actually helped to make the country richer as a whole. As Aggarwal notes,

By 1947 the American textile and apparel industries experienced a trade surplus of unprecedented proportions. As a result of this boom, the American industries (and, to a lesser extent, those in Britain) became overconfident and began to see a surplus as a normal pattern rather than as a clearly abnormal situation resulting from the wartime destruction of other producers.63 Thus, the US had adjusted its expectations regarding textile exports and imports to bountiful wartime levels. But this was not a unanimous experience. For some, the new prosperity was not a phenomenon that would easily wipe away their memories of the Great Depression only twenty years prior. Disenchanted with capitalism, some began to seek information about communism and socialism, to get involved with unions, political committees, and civil rights groups.64 Soon thereafter came a mighty backlash to this in the form of a potent swell of anti-communism. In the late 1940s, suspicions regarding communism as an insidious, global force were seizing hold of the American mind. The voracious attacks by US Senator Joseph McCarthy further ignited the issue by raucously linking political and moral subversion with communism and communists with intellectuals, homosexuals, China experts, and more.65 Scholars, government workers, politicians, movie stars and civilians became blacklisted for suspected ties to communism. This anti-communist fervor sweeping through the civilian population was to serve as the backdrop for

63 Aggarwal, Liberal Protectionism, 44.


65 Cumings, Korean War.
a new problem in international trade: that being competition from developing Asian economies, particularly Japan.

The Japanese had actually developed a rather profitable trade in tuna, but this soon began to raise eyebrows in the US. Domestic tuna producers began to lobby their politicians to save their industry, particularly as plans for Japan’s accession to the General Agreement on Tariffs and Trade (GATT) began to move forward. The US, for their part, was trying to push other nations to accept Japan’s entry into the GATT and had even sent a textile technology training team to Japan during this period in order to support their industrial development, an act soon rendered ironic by the coming opposition to imports of Japanese textile products. But before that manifested, there was the concern about tuna: “The people who lived off the ocean’s bounty had an amorphous but genuine fear that the political arrangements made at the far-off Swiss city might take away their livelihood and destroy their way of life.”66 The US Tariff Commission had in 1951 been charged with investigating the matter, but found that Japanese imports constituted a measly 4% of the market.67 What was unknown at that time was that several tuna-export companies had formed an alliance and deliberately and quietly decreased the amount of their combined exports shortly before the investigation. However, this issue reared its head again during the GATT discussions, and Japan, in a preemptive effort to settle the matter, agreed to a voluntary export restraint (VER). The “voluntary” aspect of it would become increasingly difficult to locate. The ostensible benefit of VER is that “the exporting nation is guaranteed both


67 Ibid., 104.
a share in the world (or U.S.) market and stable prices, as well as a specified growth factor. . . . in any event, the explanation is inapplicable when no such benefits accrue to the exporting nation.”

Japan had just agreed to just such a condition. However, they again quickly decided to engage in a workaround.

Japan began to more aggressively export its cotton products to the US and to Europe, although the focus here shall be on the impact on the domestic US market.

In aggregate, imports from Japan represented less than 2 percent of U.S. cotton textile consumption. The increased Japanese exports occurred only in velveteens, gingham, women’s blouses, pillowcases, and so-called one-dollar-shirts. The rest of the industry was largely unaffected. But the real question for the Americans was that these cheap imports heavily concentrated on the particular lines in an extremely short time period, and small mills in the southern textile belt bore the brunt of the commercial storm originating in Japan.

The pervasive sense of fear quickly leaked from US tuna producers and flooded US textile makers. They called on the politicians who represented them to try to save their jobs. Although US mill closings were a legitimate phenomenon, textile lobbying interests were having trouble gaining political traction. The US was at that same time maintaining an enormous trade surplus overall, and there was also overall growth in the textile industries. Further undermining the domestic industries efforts was the recognition that, as previously mentioned, Japanese textile products represented a very meager 2% of US cotton consumption. Thus it becomes clear that the rallying cry around Japan was a bit of a straw man, set up for different textile industries to unite around and knock down.

68 Smith, "Voluntary Export Quotas, 55.

69 Ibid., 111.
Japan was once again pressured to institute VER, which it conceded to. In 1955, a temporary ban on textile imports was instituted, and a 5-year VER was instituted in 1957. This was a rather sore issue for the Japanese, as the US seemed to be funneling assistance into the growth of their economy and then stifling them when they managed to succeed on their own. Between 1956 and 1961, Japanese cotton textile exports dipped from $84.1 million to $69.7 million. It was a small victory, yet one that was eclipsed by additional maneuvering: in this same period, Hong Kong’s textile exports grew colossally from $700,000 to $47 million as the US was unable to successfully negotiate a VER with them. This colossal figure was particularly impressive in a global sense and troubling in a domestic sense as in the immediate aftermath of a WWII surge in demand, the textile industry had been consistently faltering. “Between 1949 and 1957, the NTA [Northern Textile Association] recorded that two hundred mills were liquidated in New England, with Massachusetts suffering the most.” During the 1950s, the textile industry became by and large divided along a North-South axis. The mills in the northern states were in rapid decline. Their wages were higher, they were more prone to unionization, and they received additional employee benefits that were not as common in the South. Consequently, the jobs began to move to what is now referred to as the “Southern textile belt”—Alabama, Georgia, Mississippi, North Carolina, South Carolina, and Virginia. Though unions tried to organize workers under one anti-foreign movement, the regional split remained a

70 Blokker, *International Regulation*, 97
71 Ibid.
continuous and divisive undercurrent. People representing and working in the textile industry became increasingly nervous.

The textile industry produced a short film in 1955 titled *The Greater Goal* which was indicative of the kinds of discourse being produced by the textile industry. The movie opened with images of machinery moving mechanically and efficiently with fabrics. The narrator commanded the viewer over the hum of the metal: “Listen to the heartbeat of a great industry: Textile making has been an accompanying sound effect to all of American history, for this nation’s first manufactured product was cloth.”73 Weaving together clips of machinery; textile mill communities with country club facilities; modern, spacious, and clean working conditions; stylishly dressed women attending to long swaths of cloth; and proud men in homes their manufacturing wages have afforded them, the film could fairly be called industrial propaganda. However, the ways in which it visually connected the textile industry with happiness, financial independence, and American progress are interesting. Also important to consider are the absences in the film: it did not bother to address the many reasons that workers did have very good reason to be anxious.

Textile mills were often built in small, rural towns where they provided a majority of the jobs and “unskilled workers who landed mill jobs tended to stay put for life.”74 In the US as elsewhere in the world, the textile industry was marked by its versatility, in that its primary production need was a large population of unskilled laborers and its placement in areas where


74 Minchin, *Empty Mills*. 
there tends to be not much social mobility nor social capital. The textile industry was often so deeply enmeshed within communities that threats to it also represented the possibility of the economic disintegration of a whole town. But the issue of jobs was not merely economic. There was an emotional component as well: a laid-off worker was interviewed many years later in an empty mill factory. He wistfully remarked, “When I’m in a room like this, I can still feel the beat of the machinery.”

There was something about this work that caused people to develop a powerful emotional bond to it, a sense of place and being that was a part of their identity. This perhaps helps to explain why US workers were so very anxious about the possibility of losing their jobs: such loss also carried with it the threat of severance from their communities as well as the loss of one of the pillars by which they defined themselves.

*The Greater Goal* captured some of this conflation of textile mill work and self-definition when it concluded by announcing, “More important than mills and machinery is the man who has made know-how into a fine art. The man everyone relies on to make things go. Perhaps the most important man in the world and the world’s best hope for a brighter future: the American Worker—*master* of production.” As we shall see, it was this imagined mastery—devoid of any problems that a nation of sovereign masters with conflicting development agendas could cause—that was to be challenged time and again. This latter point was driven home time and time again as textile interests struggled to get the attention of high-level politicians.

In fact, the US President, Dwight D. Eisenhower, expressed sentiments directly in opposition to the idea of presidential interference in trade when he signed the Agricultural Act of

75 Minchin, *Empty Mills*, 12.

76 *The Greater Goal*. 

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1956, also known as the “Farm Bill,” into law. President Eisenhower was by and large pleased with the farmer support bill, with a notable exception: “Section 204 authorizes the President to negotiate agreements to limit certain imports outside the procedures established by our Trade Agreements legislation. This section represents an undesirable complication in the field of foreign trade.” As a consequence, when the Northern Textile Association attempted to sway the president to enact protective legislation, they were dismissed, as “while the industry’s problems were genuine, the Eisenhower administration was committed to the ‘expansion of foreign commerce.’ ” Though Eisenhower had to regretfully compromise on this aspect of the bill, almost two decades later his then-Vice President, Richard M. Nixon, became president himself and took advantage of Section 204 as the constitutional basis for bilateral quotas to be imposed under the Multifiber Arrangement.

While the textile unions were not successful in their attempts to sway Eisenhower, his successor, John F. Kennedy, was much more politically friendly. Born in Massachusetts, which was one of the largest textile centers in the early 20th century, he had seen firsthand the decline in

79 Minchin, Empty Mills, 9.
80 Alice J.H. Wohn, "Towards GATT Integration: Circumventing Quantitative Restrictions on Textiles and Apparel Trade Under the Multi-Fiber Arrangement," University of Pennsylvania Journal of International Law 22 (2001):381. In addition, “by granting authority to the President to regulate imports from nonparticipating countries, § 204 has become a way to unilaterally impose quotas on products from countries, such as Taiwan, that are not signatories to GATT-sponsored textiles agreements.”
manufacturing. He was a friend to union leaders and they in turn had provided him with continued political-financial support throughout his congressional and presidential campaigns. “In June 1960, Kennedy also addressed the TWUA’s [Textile Workers Union of America] national convention. He again stressed the importance of the industry, declaring that ‘as the Textile Workers Union go, so goes the United States.’”  

When the election was held a few months later, he won.

Short-term Agreement

In February 1961, just a month after being inaugurated, President Kennedy convened a Cabinet Committee, led by the Secretary of Commerce, which was dedicated to developing a program of assistance for the textile industry. By April, they announced a 7-point plan. It called for technological and market research, financing mechanisms such as credit incentives, and federal assistance for “industries seriously injured or threatened with serious injury as a result of increased imports.” Kennedy’s plan concluded by declaring that his overall intention in writing the 7-point plan was to assist our textile industry to meet its basic problems while at the same time recognizing the national interest in expansion of world trade and the successful development of less developed nations. It takes into account the dispersion of the industry, the range of its products, and its highly competitive character. It is my hope that these measures will strengthen the industry and expand consumption of its products without disrupting international trade and without disruption of the markets of any country.

81 Minchin, Empty Mills, 32.


83 Ibid.
Despite this purportedly internationalist claim, Kennedy’s administration had not formed a plan that could shield the domestic industry while avoiding “damage” to its export partners. His sixth point was, however, to begin the move the US toward just such a situation, as he had “directed the Department of State to arrange for calling an early conference of the principal textile exporting and importing countries. This conference will seek an international understanding which will provide a basis for trade that will avoid undue disruption of established industries.”

As a result, the US proceeded in calling a meeting under the auspices of the GATT. From July 17-21, 1961 a proposal that specifically concerned the trade of cotton textiles was discussed in Geneva. At this moment, the US had summoned 15 other world powers, including Australia, Austria, Belgium, Canada, France, Germany, India, Italy, Japan, the Netherlands, Pakistan, Portugal, Spain, Sweden, and the United Kingdom, in order to ask them to agree to a treaty that was meant to deal particularly—and protectively—with one particular manufacturing industry in the US. This was quite the display of the economic heft the US wielded, as representatives from all over the world were tasked with accepting an agreement whose purpose concerned the plight of the American mill worker.

In any case, the purported intent of this meeting was to come to agreement on an “arrangement for the orderly development of trade in such products [cotton textiles], so as

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84 Ibid.

85 GATT, Arrangements Regarding International Trade in Cotton Textiles: Record of meeting held at the Palais des Nations, Geneva, on 17-21 July 1961, L/1535 (24 August 1961), available from https://gatt.stanford.edu/bin/object.pdf?90740342. Representatives from 10 additional countries (Brazil, Czechoslovakia, Denmark, Finland, Greece, Mexico, Norway, Switzerland, Turkey, and the United Arab Emirates) attended the meeting, but were only present as observers.
progressively to increase the export possibilities of less-developed countries and territories and of Japan, while at the same time avoiding disruptive conditions in market imports.” This declaration is particularly interesting for two reasons: the first being the way in which it singled out Japan. As previously discussed, the US and Japan had had a rather tempestuous relationship, from WWII-era enemies to reverse course-allies to ambivalent trade partners. The representative from Japan did not really address the US’s opening comments and limited itself to general statements about the value of trade. Perhaps this was because he knew that the US was particularly concerned with a different nation, as Hong Kong, unrestrained by a VER, had filled the gap left by the reeling in of Japanese textile exports.

The second aspect of interest in the US’s opening statement regards its wording choice. The use of the term “orderly” is interesting, and it begs the question: what was the nature of “order” in the context of the international trade in textiles? There was no objective order to speak of; thus, this term was not quantitatively defined in order to give the importing country an edge. They could define “order” as they saw fit. The coming Short-term Agreement also utilized this sort of vague language taken from President Kennedy’s 7-point plan in that it allowed for action to be taken if an importing nation was “threatened with serious injury.” Thus, the legal framework under which a nation could make preemptive, protectionist moves was based entirely on whether the threats felt serious or not. The terms are also important to briefly examine as the US—or at least the manufacturing interests that could muster such powerful lobbies—were using the discourse of development to disguise their real anxieties about the loss of control. While expressing these anxieties on an international stage may have smacked of panic, by dressing their

86 Ibid.
deep-rooted domestic concerns in terms that instead promised international development, their agenda could be more readily accepted. The protectionist impulse was as much about preserving a sense of individual power and the feeling that the United States could more fully direct its fate in the course of an increasingly complex global market. The US had an empire to protect, and by instituting complex legal treaties leading up to the Multifiber Arrangement, it was able to begin to do just that.

This was facilitated, in part, by the fact that the nations attending the July 1961 GATT conference did not really take the US to task for creating an agreement which was so clearly based on a protectionist, knee-jerk response. The representative from Portugal was perhaps boldest in acknowledge this. He raised the concern that the draft treaty being considered contained provisions that “were in its [Portugal’s] opinion contrary to the principles of trade liberalization and international division of labour [sic].” The most fascinating aspect of this very valid complaint about the draft agreement is that it was followed with a statement of uncompromised support. Thus, Portugal’s representative stated that “his government was nevertheless prepared to co-operate so as to avoid the need for the United States to take unilateral action.” Such cooperation, we might safely assume, was most likely born of the desire for continued and unfettered access to the western markets. Sixteen other nations felt similarly and proceeded to sign an agreement establishing the Short-term Arrangement Regarding International Trade in Cotton Textiles (STA).

87 Ibid., 8.

88 Ibid., 8.
The STA was intended to be a one-year agreement that would allow enough interim regulation and time for the details of a more detailed treaty to be hammered out. As previously stated, it was an “arrangement which will permit the expansion of world trade in cotton textiles on an orderly basis” and it was intended to assist those least-developed countries (LDCs) which were also party to the agreement. The attention paid to the LDCs is one that reflected an increasing postwar effort for global cooperation in order to facilitate international peace and commerce. Related to this was the pervasive notion that poor nations were particularly vulnerable to communist ideas and communist infiltration or invasion. One of the STA’s most powerful provisions was that if a country believed that “market disruption” was occurring, then the exporting country could be forced to restrain its cotton textile exports to a quantity not below that of the previous 12 months. The meaning of “market disruption” remained undefined and thus could be flexibly applied as importing countries saw fit.

The ability to institute restraints on particular nations was one that directly contravened the GATT principles of most-favored nation as well as the ban on quantitative limitations. However, there was already a precedent in subverting or working around the GATT’s restrictions: the US had found a workaround via voluntary export restraints. In addition, the United Kingdom was also experiencing calls for protectionism and so instituted the “Lancashire Pact,” which set limits on imports from Asia. The US, feeling pressure on their own markets as exports were being diverted from the UK, included language in the STA and LTA that was


90 Blokker, International Regulation, 97.
intended to encourage the UK to open up their markets. This was another move that would be rendered uncomfortably ironic as the US sought to achieve increasingly protectionist treaties for their own markets and resisted attempts to liberalize and open them to further textile imports. In any case, such violations of the GATT were temporary in nature, and the underlying hope was that better regulatory mechanisms would be instituted in a new treaty.

Long-term Agreement

By October 1962, the STA’s successor—the 5-year Long-Term Agreement (LTA)—was in the process of being signed by more than thirty nations, not all of which were happy with the situation. The US had compelled some to sign on to the LTA by “announcing that it was ready to embargo imports from non-signatories as soon as it received necessary authority from the legislature.” This was coercion, plain and simple. But the signatures were made nonetheless.

The LTA was based on the STA and maintained much of the same language, including the attention paid to LDCs and the ability to request an exporting country to restrain its exports if such a request was accompanied by a fact-based justification. In addition, the LTA provided that if no agreement regarding an export restraint request was achieved, then the “requesting participating country may decline to accept imports for retention from the participating country or countries referred to in paragraph 1 above of the cotton textile products causing or threatening to cause market disruption…”

91 Aggarwal, Liberal Protectionism, 85.

Attempts to finally address the vague notion of “market disruptions” were made during November 1960. The contracting nations met, discussed, and their agreed-upon definition of “market disruption” was included in the annex as follows:

(i) a sharp and substantial increase or potential increase of imports of particular products from particular sources;
(ii) these products are offered at prices which are substantially below those prevailing for similar goods of comparable quality in the market of the importing country;
(iii) there is serious damage to domestic producers or threat thereof;
(iv) the price differentials referred to in paragraph (i) above do not arise from governmental intervention in the fixing or formation of prices or from dumping practices.

In some situations other elements are also present and the enumeration above is not, therefore, intended as an exhaustive definition of market disruption.93

Despite this being the international community’s most distinctive and productive effort at specificity, the meaning remained pervasively vague. What, for instance, constituted a “sharp and substantial” increase? No answer was to be forthcoming.

The LTA was being marketed as a far more liberal solution than broad quota restrictions, which would have been considered otherwise. This particular presentation, of course, did not mention that this generous and flexible solution had been more or less forced on the US’s trade partners. It is also entirely reasonable to be skeptical of the whole notion that market disruption was an imminent threat in the first place. As Alice Wohn has argued, “in light of the U.S. textiles and apparel trade deficit of only five percent and the European Commission’s surplus at the time the LTA was promulgated, it is dubious that the choice to impose multilateral arrangements restricting trade was indeed the ‘lesser of two evils’ and that it would generate ‘orderly growth.’

93 LTA.
The LTA was, however, an effective tool for its intended purpose: protecting US (and, to a lesser extent, European) textile industries. Consequently, it was renewed again in 1967.

US-ROK Bilateral Agreement

The STA and LTA were complex, somewhat confusing legal instruments, so it may be illustrative to examine an actual agreement made under the provisions of the LTA. The first bilateral agreement between the US and the ROK was signed in March 1965. It limited the aggregate amount of cotton textiles that the ROK could export to 26 million square yards for the year beginning in 1965. In 1966, the ceiling on exports increased by 5% to 27.3 million, in 1967 it was increased a further 5% to 32.2 million, and by 1968 it was to be 35.1 million square yards.\textsuperscript{95} In the first year of the agreement, the US was willing to allow Group 26 – Woven fabric, other, carded (duck only) the biggest allotment at 9,750,000 square yards. At the other end, only 50,000 pounds of zipper tape were permitted.

Within the 64 categories of textile products, there were additional group ceilings, which were also to be increased with each successive year. Different categories were also measured in different units: category 15 – poplin and broadcloth, carded, was measured in square yards, while category 36 – bedspreads and quilts was to be measured in terms of the total number of items. Gloves, pajamas, and bras, on the other hand, were to be measured by the dozen.

To provide further insight into the degree to which control of cotton textiles was sought, it may be useful to examine the number of categories dedicated to shirts: category 41 – t-shirts, category 42 – dress shirts, and so on.

\textsuperscript{94} Wohn, "Towards GATT Integration," 393.

\textsuperscript{95} LTA.
all white, knit, men’s and boys’; 42 – t-shirts, other, knit; 43 – shirts, knit, other than t-shirts and sweatshirts; 45 – shirts, dress, not knit, men’s and boys’; 46 - shirts, sport, not knit, men’s and boys’; 47 – shirts, work, not knit, men’s and boys’; 52 – blouses, not knit; and category 56 – undershirts, knit, men’s and boy’s. This does not include categories 62-63 which include knit/not knit wearing apparel not otherwise specified, category 64 – all other textiles, nor the numerous categories dedicated to coats, sweaters, and raincoats ¾ length or longer, not knit. There were also separate categories for men’s underwear, women’s underwear, and brassieres.

The bilateral agreements permitted by the LTA allowed for extremely detailed regulation for very specific categories of textile products. While it was President Kennedy’s administration that had really started the ball rolling on the international regulation of cotton textiles, it was Richard Nixon’s campaign promises that would spawn the most broad—and the most powerful—form of textile regulation in the form of the Multifiber Arrangement.
Chapter 4: The Beginning of the MFA - Nixon’s Protectionist Promises as the ROK Rises

At this point, it is necessary to examine how President Nixon’s administration was going to try to get a handle on postwar South Korea under Park Chung-hee and how the matter of textiles was written large throughout such interactions. This chapter will begin by examining the debt that Nixon owed to textile interests from the moment that he was sworn into office and how that was to figure in to his foreign policy. Nixon’s foreign policy approach is important to delineate as it would come to bear on his plans for the LTA. The confluence of campaign promises and domestic anxieties over the limited scope of the LTA would eventually be translated into the creation of the MFA, which will be examined at the end of this chapter.

Nixon’s presidential campaign trail in the late 1960s was an extraordinarily rocky one. Just as Kennedy had done, Nixon quickly recognized how crucial the support of the textile industry was, and he went to great lengths to court those associated with their interests. On June 1, 1968, Nixon traveled to Atlanta to have a discreet meeting with the politically powerful US Senator Strom Thurmond of South Carolina. Nixon bluntly stated in his autobiography that “[t]here was no pretense about the purpose of my visit: I was doing serious courting and hard counting.”

Thurmond was concerned first and foremost with national defense and maintaining American military might. The second issue was parochial: Thurmond wanted tariffs against textile imports to protect South Carolina’s position in the industry. I reluctantly went along with him on this issue because of political realities, but I told him that we

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should try first to get Japan and other countries to agree voluntarily to reduce their exports to the United States before we took the tariff route.\textsuperscript{97} These “political realities” were of course that Nixon had previously lost two elections—one for governor of California and one for the US presidency to Senator John F. Kennedy—and was by then savvy enough to realize he needed all the help he could get. During that meeting, Nixon “committed himself to quota protection for the U.S. textile industry”\textsuperscript{98} among other things, and within the month Thurmond endorsed Nixon and brought with him the support of the Southern delegation.\textsuperscript{99} A newspaper wryly noted Thurmond’s next steps: “First he insisted that Nixon make a public statement as a candidate promising to restrict textile imports. Furthermore, he asked that the Nixon statement be released from the office of none other than Sen. Strom Thurmond. This was done.”\textsuperscript{100} Doubtlessly, this was a clever political move by Thurmond, whose campaign contributors included “the executives of the big four of the textile world – J.P. Stevens, Dan River Mills, Burlington Industries and Deering Milliken.”\textsuperscript{101} In one elegant move, Thurmond had secured influence with the man who would be the next US president and had also visibly cemented his commitment to those who filled his own coffers. It is important to note how critical to Nixon’s campaign Thurmond and other textile interests’ support was. Nixon ended up

\textsuperscript{97} Ibid., 305

\textsuperscript{98} Ibid.

\textsuperscript{99} Ibid.


\textsuperscript{101} Ibid.
winning, but it was “one of the closest elections in the history of American politics.”\textsuperscript{102} He was inaugurated in January 1969 and was immediately compelled to maintain his campaign promise of federal support for the southern states. Consequently, he would quickly begin preparations for a hardline stance against foreign imports.

But before he could move forward on this, he was already receiving requests to address deals that had been negotiated under his predecessor, President Lyndon B. Johnson. Johnson’s administration had, under the treaty provisions of the LTA, negotiated a bilateral trade agreement in cotton textiles with the Republic of Korea by March 1965, as described at the end of the previous chapter. That agreement was to cover two successive twelve-month periods beginning on January 1, 1966. In January 1968, a new 2-year bilateral agreement was negotiated. President Park Chung-hee took a great interest in these agreements and he would seek to discuss them when he traveled to meet with the new leader of the United States. The explosive growth occurring in Park Chung-hee’s South Korea was one of the elements that had set the stage for the US decision to try to protect itself from developing Asia. The growth therein had occurred in ways because of and in spite of the US’s previous interference, and the international community was given little choice but to consent to western attempts to curtail their own development.

ROK President Park Chung-hee met with US President Richard Nixon in August 1969. The two-hour meeting began with the President outlining the major points of a policy he had first introduced just a month prior, a policy that was to become known as the “Nixon Doctrine.” This

doctrine had two major tenets: the US would honor its existing diplomatic commitments and “as far as the problems of internal security are concerned, as far as the problems of military defense, except for the threat of a major power involving nuclear weapons, that the United States is going to encourage and has a right to expect that this problem will be increasingly handled by, and the responsibility for it taken by, the Asian nations themselves.” President Park thanked Nixon for the continued assistance of the US, discussed the specter of North Korea in a bid for further US aid, complained about Japan’s military idleness, and went on to note that

> [t]he South Korean people have been making efforts to achieve a self-independent economy, and I hope you would consider giving us assistance to achieve this target during the next several years. . . . The U.S. has been imposing a restriction on its import of textiles, but I hope that you make the ROK an exception in the measure so as to help the country achieve its economic independence.�

President Park’s policies were very much in line with President Nixon’s doctrine. Consequently, he made his case using a discourse grounded in national independence: both were ostensibly working toward it. It is also interesting to note that among the limited high-level topics being discussed, the issue of textile restrictions was one. This illuminates the importance with which Park must have viewed this industry. Nixon in turn deferred and asked to discuss the textile matter on the following day. That evening, they had an opulent state dinner to attend, with guests like Shirley Temple and Zsa Zsa Gabor enjoying duckling l’orange with Henry


104 FRUS, 102.
Kissinger.\textsuperscript{105} Outside the hotel, “several hundred demonstrators carried signs and chanted slogans against Mr. Nixon and the war.”\textsuperscript{106} With angry protests echoing in the dining room, Nixon glibly commented to Park that, “It is a little noisy outside, but please remember that 98 percent of the American people are Korea’s friends.”\textsuperscript{107} But these friends were not ready to pay much attention to the issue of the trade in textiles.

Park and Nixon met the following day for less than 40 minutes. But it is evident that their discussion did not achieve any great conclusions regarding textiles, as the unease over continued restrictions was to continue unabated. Less than a year later an article entitled “Seoul Fears U.S. Will Curb Trade” published an interesting comment by a Korean government official: “‘We owe much to America and we acknowledge that debt. . . . But we cannot go along with you on your plan to restrict our textile exports. For us, textile exports are almost a matter of life and death….It is ethically wrong to impose this legislation on us.’”\textsuperscript{108} Here, industry and morality were linked in one desperate plea, a plea that would be largely ignored in light of the debt that Nixon owed to domestic textile interests and their political arms. The explosive growth occurring in Park Chung-hee’s South Korea was one of the elements that had set the stage for the US decision to try to protect itself from developing Asia. The growth therein had occurred in


\textsuperscript{106} Ibid.

\textsuperscript{107} FRUS, 102.

ways because of and in spite of the US’s previous interference, and the international community was given little choice but to consent to the curtailing of this growth.

Just over a year later, one of Nixon’s aides was to speak directly to the issue of South Korean textile exports:

Our textile and shoe industries may well be at a disadvantage because of the wages they have to pay in order to retrain workers, but this merely indicates that American workers can be more productively employed in other industries. . . In countries, such as South Korea, on the other hand, the textile industry provides the most productive employment that is available there. It is, therefore, to the advantage of both countries if more American workers get out of textiles and more Korean workers get into them. This shift also benefits American consumers who can buy textiles more cheaply.109

He then proceeded to systematically address and discredit the arguments in favor of protectionism, those being: that the US trade surplus had declined, that US industries would not be able to accommodate foreign exports, that free trade put the US at a disadvantage compared to nations with stronger regulatory systems, that the US had been on the losing end of international treaty discussions, and that multinational corporations had caused unpredictable complications.110 His comments were fascinating in that someone representing Nixon directly undermined protectionist moves. In addition, these comments are part of the legacy of two-facedness that Nixon left behind. While making promises of import restraints on one hand, on the other, Nixon seemed to simultaneously support market competition.

Nixon was, on paper, an advocate of free trade. In 1970, one of his spokesmen was reported as having said that “It would be a mistake to infer from this that the Administration actually wants textile quotas, and is prepared to accept quotas on other commodities in order to


110 Ibid.
get quotas on textiles. As the President has made abundantly clear, this Administration is committed to freer trade. . . . None of the arguments currently advanced in favor of protectionism hold much water.”

This latter statement was to be rendered very ironic by the debts that Nixon felt he had to repay to the textile industry—debts which would culminate in extending the provisions of the LTA into the even more restrictive Multifiber Arrangement.

Nixon was also to espouse free trade ideals in his “Challenge of Peace” speech: “We welcome competition, because America is at her greatest when she is called on to compete. As there always have been in our history, there will be voices urging us to shrink from that challenge of competition, to build a protective wall around ourselves, to crawl into a shell as the rest of the world moves ahead.” Indeed, he was one such voice. Nixon was determined to be actively involved in foreign policy. As Roger Morris, a former aide to Henry Kissinger and a biographer of Nixon has noted:

They [Kissinger and Nixon] organized the government to concentrate power in the hands of these two men in the White House. . . . There are no strong figures in his cabinet and there are no strong foreign policy figures anywhere in the higher echelons of the government. It is to be Richard Nixon's foreign policy and it is to be carried out with sophistication and some subtlety by Henry Kissinger.

In the early 1970s, Nixon's foreign policy approach made a couple of significant changes. In February 1972, Nixon became the first US president to visit the People’s Republic of China. The “opening” of China and the subsequent improvement in diplomatic relations was to once more

111 "Ibid.


foment anxiety within the textile industry. In addition, the USSR and the US were attempting to deescalate Cold War tensions and détente kicked off at the Moscow Summit later that same year. These two enormously important events were to have global ramifications for the textile industry as “it weakened U.S. leverage over the Europeans by making its role as Europe’s guardian against the Soviet Union less important; and it diminished the American fear of seeing the Europeans or Japanese swallowed up by the Communist menace.”

However, even before Nixon had finished developing his foreign policy strategies, he needed to contend with the ways that LTA had been implemented. Above all, the US became fond of invoking Article 3, which allowed for a restriction of imports based on market disruption or threat thereof. After doing so, then the US would enter discussions to reach a bilateral agreement. It did this with 18 different countries within the first year, while no such quotas were applied to US exports. The US continued to negotiate a dozen more agreements over its course. Yet, those representing the textile industry seemed torn between breathing a sigh of relief and stamping their feet in frustration. Sidney Korzenik, the executive director of the National Knitted Outerwear Association, noted that the LTA had “caused no appreciable increase in prices. Price increases, if they do come, he said, will be the result of the increase in value of foreign currency in relation to the dollar. The retail community, however, has expressed fears of quota development that could bring about a dearth of low-priced goods.” Others were to observe that in the wake of more stringent restrictions on the Four Asian tigers that “the textile industries of Japan, Hong Kong, Taiwan and South Korea have not gone bust. The price of United States


domestic apparel has not gone sky-high. And the American textile industry has not stopped complaining."  

There was, however, much concern about the types of material that was left out of the provisions of the LTA, with wool, polyester, and nylon being of particular concern given their increasing use in contemporary fashion. A news article noted that the “textile industry has been reserved in its comments about the agreement, not wishing to belittle President Nixon’s efforts on its behalf. Privately, however, some industry members are contending that the agreement has come ‘too little with too many concessions.’”  

In May 1970, Stanley Nehmer, the Deputy Assistant Secretary of Commerce, had a few interesting things to say about the negotiations regarding the textile quota bill: “What is so ironic about the present situation is that the United States has clearly been the leader in the world for 35 years in moving forward on the road of freer trade. Our friends abroad want us to continue in this role, yet their unwillingness to cooperate in finding a solution to the special problem of textile and apparel imports—even though they have solved a similar problem themselves—may result in a unilateral solution for textiles and apparel, and unilateral actions in other fields as well.”  

This was hardly a veiled threat.  

An odd chapter in the history of foreign textile exports is the case of Representative Wilbur Mills, Chairman of the House Ways and Means Committee, who took it upon himself to negotiate a bilateral agreement between the US and Japan in March 1971. Nixon immediately  


117 Koshetz, "Those Textile Quotas."  

released a statement\textsuperscript{119} disavowing their agreement, even though Japan, believing the matter concluded, had terminated discussions with the president’s administration. Nixon thought this unusual agreement was flawed in that it did not limit exports by category, which could allow for the Japanese to dominate a particular type of textile product, and the period that would be used to calculate future Japanese exports was one that deliberately left out the recent spike in exports. Though Nixon made it clear that he was open to beginning traditional, formal negotiations once more, the Japanese unsurprisingly did not take him up on his offer, as any resulting treaties would certainly be less favorable than the one that they had just signed.

At this time though, Nixon was also working on a problem that had plagued two of his predecessors: the value of the dollar. “Presidents John F. Kennedy and Lyndon B. Johnson adopted a series of measures to support the dollar and sustain the Bretton Woods: foreign investment disincentives; restrictions on foreign lending; efforts to stem the official outflow of dollars; international monetary reform; and cooperation with other countries. Nothing worked.”\textsuperscript{120} Consequently, in August 1971, Nixon announced a new plan for the nation. Toward the beginning of his speech, Nixon declared that that the kinds of progress he envisioned “requires bold leadership ready to take bold action—it calls forth the greatness in a great people.”\textsuperscript{121} Of course it was he who was leading, he who was ready for bold action. For the


\textsuperscript{121} Nixon, \textit{The Challenge of Peace}. 58
purposes of this discussion, the focus will be on those aspects of the plan that came to be known as the “Nixon Shock”: the severance of the dollar from the gold standard (which had been a development of the Bretton Woods conference) and an additional, though temporary, 10% tariff rate increase on imported goods. Such a prohibitive tariff was apparently “a better solution for international trade than direct controls on the amount of imports.”

By December, the Smithsonian Agreement removed the 10% tariff surcharge and set exchange rates for foreign currencies. But in the interim, the “Nixon Shock” vastly unsettled foreign trading partners. President Nixon cunningly leveraged the international tumult in order to once again try to assert control over Japan’s cotton textile exports.

In September 1971, Anthony Jurich, an aide to the Ambassador-at-large delivered a message in Tokyo: “unless Japan, by Oct. 1 or soon thereafter, agrees to governmental negotiations on reducing textile exports to the United States, Washington would arbitrarily reduce them. . . . If the Japanese government agrees to textiles negotiations, Jurich made clear, Washington will yield considerably on how much it wants Japan to revaluate the yen upward.”

According to the article, the Japanese were filled with consternation and questions, among which were, “how can Mr. Nixon’s 1968 political commitment to an essentially healthy American

122 Ibid.


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textiles industry be given priority over [the] overriding question of international monetary
reform?" Regardless, if Japan wanted access to the US markets, it would have to accept the
conditions that loomed above them, ready to snap them back into the system of trade
protectionism. In addition, Nixon made it known that without an agreement in place, he would
enact unilateral quotas under the provisions of the Trading With the Enemy Act. With no other
choice left to the Japanese, they acquiesced.

In the aftermath, Nixon was also able to seal trade deals with the Four Asian Tigers—the
rapidly industrialized economies of Hong Kong, China, Taiwan, and South Korea. As was noted
a year earlier, “Japan was the key to any agreement. If Japan had proposed an acceptable
program of voluntary restraint, it was likely that the other three major exporters—South Korea,
Taiwan and Hong Kong would have followed.” Japanese businesses did have to consolidate,
but seemed otherwise to be managing relatively well. This was in part because textile products
were diverted to Europe, so they were still turning a tidy profit. European politicians and textile
interests were less comfortable with this idea. With Asian textiles taking up more and more
market share, Europe was to become increasingly open to the idea of instituting a more broadly
restrictive agreements such as the MFA. As for the South Korean textile interests, “The impact
turned out to be smaller than we had feared,’ said Chung Ik Hyun of the Korean Sweaters
Exporters Association.” Thus, industry and foreign interests seemed to be an odd stage of

125 Ibid.

June 25, 1970.

equilibrium for a moment. However, the growing use of manmade and synthetic textiles was mounting as a concern. Synthetic fibers like polyester and nylon were not covered by the LTA and Nixon, on the campaign trail once more, was again being pressed for an even more efficiently protectionist mechanism. While Nixon worked to address these demands he also had to contend with a drawn-out political scandal that was to end his career.

In October 1972, news broke that the Watergate Scandal was tied to the Nixon reelection campaign. A month later, Nixon was again elected to be president of the US. However, within the first half of 1973, increasing scrutiny was directed at his administration. By November, he was appearing on televisions across the nation to announce “I am not a crook.” Less than a year later in July, the US Congress was preparing to impeach him, and in August 1974, he became the first president to ever resign from office. His legacy is one that has been cause for distrust of the political system ever since. Hunter S. Thomson published a eulogy for him in 1994 titled “He Was a Crook” that illuminates one aspect of this legacy:

Nixon's spirit will be with us for the rest of our lives -- whether you're me or Bill Clinton or you or Kurt Cobain or Bishop Tutu or Keith Richards or Amy Fisher or Boris Yeltsin's daughter or your fiancée's 16-year-old beer-drunk brother with his braided goatee and his whole life like a thundercloud out in front of him. This is not a generational thing. . . . By disgracing and degrading the Presidency of the United States, by fleeing the White House like a diseased cur, Richard Nixon broke the heart of the American Dream.128 It is very odd to think that during this period of conspiracy, revelation, separation, and public condemnation that Nixon still managed to propel a new and more restrictive international agreement on textiles forward. This perhaps makes sense given that he was in campaign mode and once again courting the textile interests who had helped him to become elected in the first place. His administration began preparations and in December 1973, fifty nations met once more

to discuss textiles under the auspices of the GATT. The circumstances in which the Multifiber Arrangement was to be created echoed the creation of the STA and LTA.

**MFA Iterations and Provisions**

The MFA came was made effective on January 1, 1974. The provisions of the MFA did not differ immensely from the STA and LTA: its major change was that it allowed for quotas on cotton and non-cotton textiles. The range of products it covered was to make it a powerful and attractive tool and the MFA was to be renewed and updated four times. Given the scope of this discussion, the focus here will be on the initial agreement and the version that renewed and replaced it in 1977.

**MFA I: 1974-1977**

Like the LTA, the MFA permitted action to be taken if there was a “market disruption” or “threat” thereof. This initial agreement also established a multinational Textiles Surveillance Body, which was charged with supervising the implementation of the MFA. It diverged significantly from its parent treaty in that while the LTA allowed for the increase of quotas at 5% per year, the MFA would now require growth at rates of 6% per year. It also permitted any unused portion of the quota to be carried over to the next year, which provided a measure of flexibility for the exporting nations.

**MFA II: 1977-1981**

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This iteration was characterized, in part, by the sudden and united action of the European community. “Prior to 1973, and especially before 1970, the EEC did not have a unified policy on textile and apparel products . . . The first significant coordinating policy making in textile and apparel trade by the EEC was in 1977 when members worked out a single position in advance of the first MFA renewal."\(^{130}\) The EEC mobilized, in part, to get an escape clause regarding “reasonable departures” to be added to the new MFA. When “reasonable departures” became instituted in the MFA II, the EEC quickly “set limits of less than 1 percent growth for cotton yarns, actually reduced quotas for big exporting countries like Hong Kong and South Korea, and introduced automatic quotas on new exporters if their imports reached 1 percent of any market.”\(^{131}\) This was when the MFA was most restrictive, but this clause was soon to be removed. Even as the MFA evolved, it maintained its most contentious problems.

\(^{130}\) Aggarwal, *Liberal Protectionism*, 32.

<table>
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<th>Years Effective</th>
<th>Principal Aspects and Differences</th>
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<tr>
<td>STA 1961-1962</td>
<td>Covered only cotton textile products. If there was “market disruption” then an exporting country could have its exports restrained to an amount not less than that of the previous 12 months.</td>
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<tr>
<td>LTA 1962-1967</td>
<td>Covered only cotton textile products. If there was “market disruption” then bilateral quotas were permitted, but quotas could not restrict the exporting country to an amount less than that of the previous 12 months. If quotas were in place, then there was to be a minimum 5% growth in the quota per year. Established a definition of “market disruption,” although it was vague.</td>
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<td>1967-1970</td>
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<td>1970-1973</td>
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<tr>
<td>MFA 1974-1977</td>
<td>Covered cotton, wool, and other synthetic and man-made textiles, including polyester and nylon. If there was “market disruption” then bilateral quotas were permitted, but quotas could not restrict the exporting country to an amount less than that of the previous 12 months. If quotas were in place, then there was to be a minimum 6% growth in quota value per year. Established a Textiles Surveillance Body that would supervise the implementation of the MFA. Allowed for the carryover year-to-year of unused quotas.</td>
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<td>1977-1981</td>
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2. Summary of Principal Differences of the STA, LTA, and MFA.

The MFA Problematic

Policy Based on Incorrect Assumptions

The required 6% growth in quota volume per year was premised on the assumption that demand for textile products would increase approximately 3% per year. Such regular and predictable growth in demand did not occur even as the volume of imports did. In addition, the MFA made a major assumption about its impact on net-exporting countries:

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The implicit assumption of the MFA is that there is no major loss of world efficiency in limiting the market penetration of the most successful exporters. But in the actual world of international trade, there are significant economies of scale; capital and labor are not homogenous; and there are probably other important factors of production inherent in such things as specialized management, organizational, and marketing skills. . . . If so, then the assumption that there is no loss world efficiency implicit in the MFA is wrong.\textsuperscript{133}

Thus, the MFA had set rates of growth that were problematic for everyone. The quotas were too small for the exporters and becoming too big too fast for the importers.

\textit{Allowed for Protectionism}

The problems associated with a protectionist state are many. The WTO, in its argument for the pursuit of freer trade, has said that protectionism “ultimately leads to bloated, inefficient producers supplying consumers with outdated, unattractive products.”\textsuperscript{134} With protectionist measures in place, the domestic consumer pays higher costs as market competition no longer drives prices down. So while protectionism may “protect” an industry and its workers in the short term, it ultimately impacts and reduces global trade and domestic consumers.\textsuperscript{135} In sum, “When the quotas were established, the U.S. consumer was harmed by trade-distorting devices that, although implemented by foreign nations, were instigated by his own government.”\textsuperscript{136}

\textsuperscript{133} Schmid and Phillips, \textit{Sophisticated Protectionism}.


\textsuperscript{135} Ibid.

\textsuperscript{136} Smith, “Voluntary Export Quotas” 47.
Contradiction to the GATT

Perhaps the most significant of the MFA’s issues is that it operated in direct opposition to GATT principles despite having been established under its authority. The two most egregious are with regard to the following elements:

Most-favored Nations

“Less-developed” states were to be assisted “by entering into reciprocal and mutually advantageous arrangements directed to the substantial reduction of tariffs and other barriers to trade and to the elimination of discriminatory treatment in international commerce.” The very first article in the GATT stated that “...any advantage, favour, [sic] privilege or immunity granted by any contracting party to any product originating in or destined for any other country shall be accorded immediately and unconditionally to the like product originating in or destined for the territories of all contracting parties.” This “rising tide lifts all boats” philosophy applied to a global stage through an organ such as the GATT was an enormous shift in international trade policy: in theory, cooperation was to take the center stage and it would in fact become a required element of international relations. This, of course, did not mean that competition was to be forced from the limelight. And with the implementation of the MFA and the provision that allowed for bilateral quotas, not only was the issue of competition made front-and-center, so was the ability to now pick favorites.

Prohibition Against Quantitative Restrictions (i.e., Quotas)

In keeping with the GATT’s effort to facilitate free trade, it also included an article that expressly forbade the possibility of quota restrictions:

Article XIII: Non-discriminatory Administration of Quantitative Restrictions

1. No prohibition or restriction shall be applied by any contracting party on the importation of any product of the territory of any other contracting party or on the exportation of any product destined for the territory of any other contracting party, unless the importation of the like product of all third countries or the exportation of the like product to all third countries is similarly prohibited or restricted.\(^{138}\)

This article did allow for quotas under exceptional situations, such as if there was a “critical shortage of foodstuffs or other products essential to the exporting party,”\(^{139}\) but then additional steps had to be taken as well. These included public notice of the quota and the publishing of the expected value of the restricted items. Such restrictions helped to ensure that this safeguard clause was not abused. Even though this article expressly forbade quota provisions, the MFA disregarded it.

Contradictions About Supporting Least-developed Countries

As restated many times, one of the purported aims of this series of agreements was to support those countries it deemed less-developed. In the MFA, Part IV: Trade and Development; Article XXXVI: Principles and Objectives even stated that “the developed contracting parties do not expect reciprocity for commitments made by them in trade negotiations to reduce or remove tariffs and other barriers to the trade of less-developed contracting parties.” However, as less-developed country status was as arbitrary as “market disruption,” there was bound to be problems. Furthermore, the quotas which were eventually imposed also violated the purported

\(^{138}\) GATT

\(^{139}\) GATT, 18.
interest in helping least-developed countries to secure the wellbeing of those who were “most” developed.

The MFA, Empire, and Development

The MFA was written as described so that those nations who sought to unilaterally restrain exports could do so with while cloaked in legality. The US consistently sought to protect their own industries and to curb and curtail the development of foreign exporting nations. Some of these nations—like Japan—had already being incorporated into the US empire for ideological reasons such as anticommmunism, while some—like South Korea—were incorporated for a mix of ideological and economic reasons. Thus, it could be argued that the effort to control the economic development of the highly accessible textile market was in itself another arm of imperialism—a financial, trade-based arm whose drive to control foreign trade and transactions was an extension of the desire to control territories. In either case, what the US was seeking was authority and the establishment of a nation of men who, rather like the textile propaganda film *The Greater Goal* advocated, were each a “master of production.”

A report from 1978 on the impact of the MFA concluded that “if some protectionism must be maintained to support textile and apparel workers in the rich and industrial countries, the MFA is the wrong way to do it. It unduly inhibits the development process in the most efficient of the developing countries.” This statement was well intentioned in that it sought to critique protectionist measures that unduly burdened developing nations. However, it did not taken into

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account the kinds of innovation that countries would undertake including actions by individuals that would wind up having consequences not only for their country, but for the world. Such was the case when the international partnership between Daewoo and Desh began to take shape.
Chapter 5: Daewoo Meets Desh

In this chapter, we will return first to the innovative partnership between the Bangladesh-based Desh Group and the South Korean company Daewoo. The attempt herein will be to illustrate how South Korea acted as a patron state with an interest in expanding its lucrative textile industry despite the restrictions of the MFA. Thus, the meeting of Daewoo and Desh must be critically examined. The next part of the chapter is then concerned with an analysis of the “development” that occurred for Bangladesh as a client state of South Korea. Finally, the chapter will examine the relationship of textiles, capital, and violence.

By the 1970s, South Korea was ready to shape its own path and to work around foreign regulations such as the MFA as it saw fit. One such person working to advance the national economic and development agenda was the founder of Daewoo. Kim Woo Choong started Daewoo Industry Co., Ltd. on March 22, 1967. Daewoo means “great universe,” which seems fortuitous given the increasingly global role that this company was to play from the time of its inception. Kim began as a garment exporter, but driven by a remarkable focus and sense of entrepreneurship, he soon sought to expand into textile production. In an effort to successfully enter the US garment supply market, he “purchased American shirts in every size, then had them taken apart stitch by stitch to copy.”142 In 1970 while on a trip to the US, “he heard about possible import restrictions and shrewdly prepared for them. Allocation of quotas was based on past performance, so Daewoo got nearly 40 percent of the total for Korea and became highly

profitable.”\textsuperscript{143} In fact, Kim’s company was to become one of the organizations that made the “Miracle on the Han” possible.

The success of Daewoo also opened up new state-based support and risky but profitable ventures. Kim and Park Chung-hee did have a preexisting relationship as Park had been a student of Kim’s father, but Park was loathe to fall into the trap of cronyism that the ROK’s first president, Syngman Rhee, had. South Korean companies had to stand on their own feet to get access to greater state support, and Daewoo had managed to do just that. Park in turn offered Kim a bit of a white elephant opportunity and a test: a state-owned machinery plant and financial black hole was Kim’s for the taking. Kim accepted and lived, worked, and slept in the factory for three months until he figured out that the workers were under-performing and that their lack of morale was resulting in waste. Consequently, he invested several million dollars in order to provide the inefficient plant with a cafeteria and housing; in addition he made sure the factory’s employees were earning overtime only for serious work. His efforts resulted in an enormously smashing success. From there, Kim’s Daewoo corporation expanded into automobiles and eventually shipbuilding. Daewoo was to eventually reach even further, becoming involved in the production of caterpillar tractors, Pontiac LeMans automobiles, and pieces of Boeing aircraft. Kim Woo Choong’s business was to become one of the richest and most powerful chaebol under Park’s administration.

Around 2,500 miles away was the struggling nation of Bangladesh. The relatively new country was having trouble making strides in the aftermath of the war that had made them

\textsuperscript{143} Ibid., 19.
independent of Pakistan. Bangladesh’s per capita GDP in today’s dollars was $126,\textsuperscript{144} less than South Korea during its postwar period. The main export at the time was jute, which was used primarily to make burlap sacks.

Soon after independence, mills were nationalised [sic] by the state, which lead to closure of most industries. Indenting and trading were the way of life with hardly any industrialization [sic]. However, the country had a large population, poor landless families, cheap labour [sic], low barriers to entry and exist, port access, a fairly decent infrastructure and a few mavericks.\textsuperscript{145} Scholars in political studies may refer to them as mavericks, while economics might declare them catalysts,\textsuperscript{146} and capitalists might term them pioneers\textsuperscript{147}—such dynamic titles are to this day still being used to describe the men who founded Desh Group.

Noorul Quader and Abdul Majid Chowdhury had, like Kim Woo Choong, also decided to open a textile and garment manufacturing company. Their business officially began on December 27, 1977. Noorul Quader, who was later to become CEO, was a product of an increasingly interconnected and postcolonial world, having studied economics at Dhaka University in the capital of Bangladesh as well as at Cambridge University in England. Nonetheless, Quader and Chowdhury felt unprepared for the task they had given themselves:

\textsuperscript{144} "GDP per Capita (current US$)." World Bank, 2015, http://data.worldbank.org/indicator/NY.GDP.PCAP.CD.

\textsuperscript{145} http://www.thedailystar.net/supplements/24th-anniversary-the-daily-star-part-3/desh-garments-%E2%80%93-pioneer%E2%80%99s-gift-his-country-71128


Chowdhury remembers thinking “I did not know how many buttons I had in my shirt,” and yet he now owned part of a textile factory. The investment had been made and now he was faced with a venture whose newness would allow for either failure or innovation. The creation of Desh Group was a project for which there were few institutional or national resources in Bangladesh—their business was a risk, and a rather solitary one at that. The economist William Easterly has noted that “Bangladeshi garment workers in 1979 were a lonely group, because there were only forty of them.”

A fortuitous intervention occurred when Kim Woo Choong approached the Bangladesh government about the possibility of doing some business. The broad provisions of the MFA had proved to be a grave obstacle for South Korea’s development plans. The ROK was approaching its quota cap for trade in textiles with the US, and Kim was very interested in finding a workaround. Bangladesh was a particularly attractive partner, as they had LDC status and thus were not subject to quota limits. Quader immediately understood the opportunity before him and so met with Kim Woo Choong to discuss a possible partnership. Kim was receptive to the idea. Chowdhury then bought a plane ticket to meet him in South Korea and “toured a clothing factory full of women working at sewing machines. He knew instantly that women in Bangladesh could do the work.” After that, he was ready to make a deal with Kim Woo Choong.

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148 Chace, “Nixon and Kimchi.”


150 Chace, “Nixon and Kimchi.”
It was 2 a.m. when the talks were wrapped up. The discussion between Kim and Chowdhury had taken ten hours, but terms had been hammered out and a 5-year collaboration agreement was signed on July 4, 1978.\textsuperscript{151} Kim would provide six months of training for 130 Bangladeshi people and would pay the costs associated with hosting them. Additionally, Daewoo would act as a reliable supplier for raw materials. In return, Daewoo would receive 8\% of Desh’s profits: 3\% as a “royalty” fee and 5\% more for facilitating Desh’s entry into global markets. All the industrial knowledge that Chowdhury and Quader needed, but could not access back in Bangladesh was suddenly made available to them in heaps. Globalization had facilitated their risky venture, and, as we shall see, they reaped a vast profit from this experience.

But first, they needed to find trainees willing to live and work abroad for six months. Two newspapers were selected to run advertisements.\textsuperscript{152} On Monday, October 2, The Bangladeshi Observer published the English-language version of the advertisement.\textsuperscript{153} The ad was quite large, running from top to bottom of the page and taking up about half the width. Its header announced, “Hundred per cent export-oriented ready made garment industry with foreign technical and marketing collaboration located at Chittagong invites applications from Bangladesh nationals for the following posts: Selected candidates will be sent abroad for training for a period of six months.”\textsuperscript{154} The ad makes no mention of where the training would take place, most likely so that a competitor could not pursue a similar arrangement. Beyond the sheer size of

\textsuperscript{151} Khan, “Desh Garments.”

\textsuperscript{152} Ibid. The other newspaper, according to Noorul Quader’s daughter, is The Ittefaq Observer, which was published in the Bengali language.


\textsuperscript{154} Ibid.
the ad, it was calling for an enormously varied amount of people to apply: 1 production manager, 1 deputy production manager, 1 sales and procurement manager, 1 deputy maintenance manager, 3 deputy managers for transportation and shipping, exports and imports. These positions required either that the applicant had received a degree in mechanical engineering, an MBA, or professional licensing in fields like accounting. In addition, there was a position for a section chief, with a degree in mechanical or electrical engineering. Desh was clearly intent on creating a professional workforce with a well-educated managerial tier. Furthermore, fifteen line chiefs—6 mechanical, 2 electrical, 4 textile, 2 commercial art, and one for air conditioning/refrigeration, preferably with polytechnic degrees, were also being sought in addition to 99 people, all between 18-21 years old, to work in sewing, cutting, and finishing. Employees would have the opportunity to make a salary during their training, and after a six-month probationary period that salary would double, although all the employees were to agree to an employment bond for five years. What must have been an especially unusual element were the lines that came after the salary information: “For 6 (six) months training abroad: both way air passage, lodge and board—free.” About a year later, those were hired finally had their plane ticket in hand and were ready to depart from their homes.

In April 1979, 116 Bangladeshi men and 14 women arrived in Pusan, South Korea. The women were an interesting addition, and Quader had pursued their inclusion—which meant persuading their fathers and husbands—after seeing the productivity with which Daewoo’s female textile manufacturing employees worked. From a training schedule provided by Daewoo to a World Bank researcher,155 we get a general sense of the official structure of the workers

155 Yung and Belot, Export Catalysts.
training: 20 trainees would learn at one machine for 2 weeks, after which 2 more weeks would be
spent in more individual training with 2 trainees per machine. Then specialized training would
teach them how to do cutting, sewing, finishing, and machining. The largest section of training
was to be spent doing on-the-job training of these 4 elements on Daewoo’s actual machinery.

The Daewoo and Desh employees communicated through English, and, as described at
the beginning of this thesis, there was a big clash over the smelliness of each other’s meals. The
Koreans made efforts to try the Bangladeshi’s food, but their reaction was visceral: “they invited
us to a special event that they prepared for us. They served some of their food to us, and we
couldn't eat it. It was just repelling.”156 The scene depicted here is one that borders on comical.
One can only imagine the people present at this meal, looking at a table full of food prepared by
foreign guests that the hosts had no inclination whatsoever to eat. It does say something of the
South Korean and Bangladeshis that despite their mutual revulsion for each other’s cooking, that
they still tried. They still had to work closely together in that pungent air in order to train and be
trained on the Korean machinery. Their supervisors tried to smooth things over too, but he could
do little. The training program began to hit bumps. It was not proceeding very efficiently,
uncomfortable as everyone was. Their differing cooking styles were a critical point of divergence
and one of the ways that their unease with each other manifested itself. Eventually, the CEO of
Daewoo took his Korean employees aside and told them, “We're going to be living in an
international society, and this is something we're going to have to endure. So suck it up and just

156 Chace, “Nixon and Kimchi..”
eat it.”\textsuperscript{157} They did, and marvelously at that. The Bangladeshis even finished their training ahead of schedule.

In September 1979, the Bangladeshis returned home with three Daewoo engineers who would offer on-site assistance as Desh Group began production. Of the Korea-trained Bangladeshis, 4 became managers, 97 were made production supervisors, and 29 became rank-and-file workers.\textsuperscript{158} Desh Group began construction on a modern factory facility in Chittagong that was built with Daewoo’s advice. It had “six lines, 600 workers, and a 5 million pieces per year capacity, worth an USD 1.3 million investment went into operation. Desh began its journey with the first shipment of just 1.2 lakh pieces of boy's shirt to a German company called MNR.”\textsuperscript{159} During the first year, 43,000 shirts were produced at a cost of $1.28 each, capturing the company a tidy, if modest, profit. But this was just the beginning. Desh Group began to expand rapidly with the support of Daewoo.

The rapid success of this partnership was due in part to the marketing services that Daewoo was charging 5% for. The Daewoo-Desh partnership was one that relied on a system of “triangular trade,” meaning that the well-established Daewoo would receive an order, Desh Group would fulfill and ship that order, and payment would be received from the client by Daewoo, which would in turn pay Desh. Desh was able to benefit from Daewoo’s “(i) established marketing network; (ii) credibility as one of the leading garment manufacturers and

\textsuperscript{157} Ibid.

\textsuperscript{158} Ibid.

\textsuperscript{159} Khan, “Desh Garments.”
(iii) capacity to take risks stemming from potential claims for deficient products."\textsuperscript{160} This was an enormous advantage for a new company like Desh. Whereas purchasers may have been hesitant to invest in an unknown like Desh Group, Daewoo was a reputable company. In addition to benefiting from the value of the Daewoo brand, Kim continued to provide human resources as well, sending “three machine experts, nine production line experts, and three administrative personnel—each staying there three to six months, until March 1981.”\textsuperscript{161}

Daewoo in association with Desh also utilized two new financing tools to better position its business. The first was back-to-back import letters of credit. Such a tool is defined as follows: “Two letters of credit (LCs) used together to help a seller finance the purchase of equipment or services from a subcontractor. With the original LC from the buyer's bank in place, the seller goes to his own bank and has a second LC issued, with the subcontractor as beneficiary.”\textsuperscript{162} Put another way, the back-to-back letters of credit were records of confidence for each party to an agreement that would give them access to financing that they deemed important for their business. The other financial tool was in the special bonded warehouse system, which allowed items that were being produced solely for export to be made tax-free. Thus, in working with Daewoo, Desh had also managed to secure state support. Soon enough, Desh was getting a handle on the textile business.

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\textsuperscript{160} Yung and Belot, Export Catalysts.11.

\textsuperscript{161} Ibid., 8.

\end{flushright}
On June 30, 1981, Quader canceled the Desh-Daewoo partnership. “Although Daewoo did not do badly from the collaboration, the benefits of its initial investment in knowledge had leaked well beyond what Daewoo intended.”163 Although this sort of “leak” may sound like it would serve as a disincentive for business,164 with additional financial mechanisms in place, leaks could be an enormously powerful motor for additional development. Regarding this, economist Mushtaq Khan has argued that “a lot of the industrial policy people think that the problem is first-mover disadvantage—that the person who cracks competitive advantage is scared of imitation. The Bangladesh garment industry shows that not only were they not scared of imitation, they wanted the clustering to happen. They encouraged their people because the more clustering that happened, the more business would come.”165 By all accounts, it seems that Noorul Quader was also a man focused on national progress rather than immense personal profit. He had fought in the war that had partitioned Bangladesh from Pakistan, and had a long career in public service. “The return to his initial investment was mostly a return for society, not a private

163 Easterly, *Elusive Quest*, 151.

164 Ibid., 155. Easterly also goes on to argue that free markets won’t necessarily contribute to growth and that knowledge leaks can be a disincentive for businesses to train and educate their workers (which would be necessary for economic development). He therefore suggests that some kind of government incentive or operation may be necessary to foster the kind of change that happened in Bangladesh.

return to him.” He has been given a paternalistic role in industrial history, referred to as the “father of the export oriented RMG [ready-made garment] industry.”

Knowledge had not only leaked from Daewoo to Desh, but also from Desh employees to the rest of Bangladesh. Over time, 115 out of the 130 Korean-trained workers left Desh to start their own garment export businesses and to work at other textile manufacturing businesses. In 1985, for instance, a new company called Mohammadi Apparels Ltd. began to produce t-shirts. “The production manager at Mohammadi was a former production manager at Desh; the marketing manager at Mohammadi was a former marketing manager at Desh; ten other former Desh workers worked at Mohammadi, providing training to the Mohammadi workers.” Such intranational leaking of industrial knowledge didn’t seem to be hurting Desh all that much. In fact, by 1987, Desh Group’s production had grown 51 times as large as it was when it started out. Bangladesh as whole continued to become an increasingly efficient textile exporter. By 1984, France and the UK had decided to impose quotas, and by 1985 President Ronald Reagan’s administration followed suit.

Scholars today are still debating whether the MFA had a progressive or restrictive impact on the process of “development.” On the one hand, it has been argued that the MFA actually stunted development for an LDC such as Bangladesh:

Korea, with its highly educated labour [sic] force, was readily equipped to enter into higher quality, more skill-intensive production processes. Bangladesh on the other hand still maintained a comparative advantage in terms of unskilled labour, and had not yet

166 Easterly, *Elusive Quest*, 152.

167 Khan, "Desh Garments."

‘acquired the expertise to diversify’ . . . Thus, instead of the MFA encouraging Bangladesh to speed up its process of industrialisation, [sic] as suggested earlier, it has frustrated its comparative advantage.  

However, the consensus seems to be that the MFA was a positive force politically and economically. It gave more wealthy and industrialized nations a financial incentive to invest in LDCs. In turn, they were able to develop their economies, thereby achieving one of the overarching goals of the GATT. Bangladesh was able to build up an immense textile industry that as of 2013-2014 employed 4 million people in more than 4,000 factories.  

Their ready-made garments accounted for $25,000,000,000 in exports, or 81% of Bangladesh’s overall export value. But, of course, the status of “development” should not be conflated with the day-to-day lived experiences, especially as development has been so often hinged to the act of exploiting labor for capital gains. With regard to this, it is worthwhile to take a moment to examine the status of the predominantly female textile manufacturing workforce in Bangladesh.  

Like the South Korean women in the textile mills of the 1960s and 1970s, Bangladeshi women working in textile manufacturing also tend to be young, largely uneducated, from rural areas, and members of a vast largely unskilled labor pool that makes their own labor value interchangeable with many others. They very much parallel the South Koreans in their development. As previously noted, Noorul Quader was inspired by Daewoo’s industrious female workforce, and this was why he included women on the South Korean training. Nonetheless, it is evident that female textile workers bear striking similarities across different nation-states and


even different times. It is also worth considering that the economies of both these states have relied on the labor of a large female workforce to move from a largely agrarian economy to an industrial one. However, South Korea had too many particularistic external and internal circumstances that surrounded its own period of economic change for it to be used as a model. With that being said, it is important that we return to the subject of how Bangladeshi women view their work in textile mills.

On the one hand, employment in the garment industry is a position that Bangladeshi women would not ordinarily be able to pursue. Cultural and religious values tended to locate the woman’s place in the home, so the opportunity to work allowed them to empower themselves.171 During one interview with a garment worker Shahidur Rahman was told, “When I was unemployed my husband never shared anything with me about household matters. He was the only one who would take decisions. The situation has changed when I have started earning money. Now my husband talks with me before taking any decision although I value his decision.”172 On the other, the array of opportunities for women in Bangladesh is not very broad, and there is a tradeoff that occurs as in order to access work in the garment industry, one must also accept at-will employment, shoddy working conditions, and pitiful wages. Unlike their South Korean counterparts, Bangladeshi women have also proven rather reluctant to form or join labor organizations and unions. Instead they have tended to form “welfare committees.” Unfortunately such welfare committees lack the organizational strength of more traditional trade unions and have provided less effective vehicles through which garment workers might seek to

171 Rahman, Broken Promises, 106.

172 Ibid., 17.
challenge workplace violence. At this point, it is important to take a broader look at the interrelationship between textiles, capitalism, and violence.

Today the concepts of globalization and capitalism have reached a juncture in the textile world with the creation of “fast fashion.” Whereas it may have taken six months for a style to get from runway to department store, it now takes weeks. Fast fashion is intended to be fast, cheap, disposable, and replaceable. The cheapness of the garments we buy is a direct consequence of the low price associated with the labor it took to construct them. Although there are a range of materials that do show worker’s affective ties to the textiles and ready-made garments industry—sometimes even bordering on affectionate—the stories that are marked by violent interactions are far more visible, and for good reason. Here is just a brief sampling:

At a Korean-owned garment and shoe factory in Bangladesh, a woman in her twenties was fatally shot in the head during a protest against low wages.173 In Cambodia in January 2014, garment workers who sought to earn more than $3 a day went on strike.174 The police were called to resolve the matter and the two groups clashed. Five people died immediately and one more died later of his injuries.175 At the time, there was a suspicion that South Koreans had asked for police to intervene. The South Korean company involved has vigorously denied this, although a deleted post on a social media site stating that they had “prepared concrete actions


175 Ibid.
with the co-operation of the police and the army for protection of our labourers [sic]” would suggest otherwise.\textsuperscript{176} One of the most globally visible incidents, however, happened almost two years ago in Bangladesh.

Sujeet Sennik, a fashion designer for Walmart Canada was attending a meeting when he learned about the collapse of the Rana Plaza in the Dhaka region of Bangladesh. It was announced that unfortunately, the Rana Plaza had been the site of garment factories that Walmart was associated with. The discussion that day convinced Sennik to leave the ready-made garment industry: “1000 people died, no one said a thing. They didn't, they didn't say anything about them, they just talked about their—the loss in terms of units—how are they going to make up their margins? So I sat there, and I said nothing, shame on me.”\textsuperscript{177}

On April 23, 2013, workers at the Rana Plaza textile center were ordered to return inside their building or risk losing their jobs. They nervously eyed the large crack in the wall, but entered anyway. The following day, the eight-story building that should have been only three floors tall collapsed in on itself, killing 1,100 people. Another 2,500 were injured, many losing limbs or being otherwise maimed. Some remained buried under the rubble for weeks. Images from the site of the collapse were steadily provided: one agonizing photograph showed a dead man with his arms wrapped around a woman as they lay shrouded in the concrete grey-brown dirt and an array of exposed metal rods.


The deaths received an immense amount of coverage and large corporations began to make promises to change; many did. Today, there is a compensation fund for the victims of the collapse into which companies that had factories in Rana Plaza agreed to pay into. But as the second anniversary of the collapse nears, the compensation fund is still $8.5 million short.\textsuperscript{178} Some companies, such as Benetton, have not paid anything, while others, like The Children’s Place and Walmart, have paid relatively minor amounts given that their yearly revenue is $1.8 billion and $486 billion respectively.\textsuperscript{179}

These deaths and the working conditions that they brought to light are also part of the story of the development of the textile industry in Bangladesh. While the ready-made garments industry did provide wages and make some women feel empowered, that positive aspect is vastly undermined by the violence of the day-to-day working conditions. It is also a matter of concern that reaching some middle ground between worker and employer seems so difficult, and it is concerning that as attention fades from the Rana Plaza issue that corporate responsibility also seems to be on the wane once more.

The initial immense spotlight shining on the garment industry encouraged commodity chain studies that have sought to illuminate the origins of common garments like t-shirts and jeans in places that maintain conditions very much like sweatshops. One author purchased a t-shirt and decided to trace its origins backwards. She noted that “America’s early dominance of


\textsuperscript{179} Ibid.
the cotton industry illustrates that commercial success can be achieved through moral failure, an observation especially relevant for T-shirts, which critics allege are produced under sweatshop conditions not far removed from slavery."\(^{180}\) The consumer public has been made increasingly aware of such conditions and their reaction has resulted in the popularity of the ethical consumer movement. A swath of companies have responded positively to the idea of ethical consumerism and begun to produce products whose marketing enthusiastically reminds us that they are eco-friendly, fair trade, and conflict-free. Such elements encourage us to be consumers with a conscience, which in itself does not seem like such a bad thing. However, in the wake of the Rana Plaza catastrophe, it is perhaps meaningful to once again examine the odd relationship between business and morality.

"My T-shirt’s life suggests, however, that the importance of markets might be overstated by both globalizers and critics. . . . Even those who laud the effects of highly competitive markets are loathe to experience them personally, so the winners at various stages of my T-shirt’s life are adept not so much at competing in markets but at avoiding them."\(^{181}\) It is also expensive to provide good working conditions and fair wages. One investment firm wanted to give $50 million to Bangladeshi factories “to sort out their safety, environmental, labour [sic]


\(^{181}\) Ibid., x.
and efficiency problems. It hopes foreign clothes firms will flock to these high-quality suppliers, leaving the rest to wither away.”

And yet, it is important to remember that this issue is terribly complex: jobs in stultifying and possibly even dangerous working conditions still have a role to play in some people’s lives. The dangers of an industry that does not quite care have been outlined above, but so have some of the ways that people have become more independent and more financially stable. Our world is one in which “the trade skeptics need the corporations, the corporations need the skeptics, but most of all, the Asian sweatshop worker and African cotton farmer need them both.”


183 Rivoli, Travels of a T-shirt, xi.
Chapter 7: Conclusion

During the Uruguay Round of GATT negotiations in 1995, the Marrakesh Agreement was to create the World Trade Organization as well as to pass the Agreement on Textiles and Clothing (ATC). The ATC was instituted in order to allow for quotas instituted under the MFA to be terminated by January 1, 2004, effectively closing the books on the Multifiber Arrangement once and for all. The administration of this agreement was to be overseen by the Textile Monitoring Body, an 11-member quasi-judicial group appointed by the World Trade Organization.

The ATC was a very generous agreement: the liberalization of textile trade was to take place in four stages over 10 years. Some countries immediately began to dissolve their quota restrictions, even though the dissolution of the quota system was back-loaded so that the most change had to occur in the latter years of the phase out. This back-loading was in part due to one last act of interference by the US textile industry. Alice J.H. Wohn found that the “American Textile Manufacturers Institute, which represents the U.S. textile industry, successfully lobbied Congress to specify that restrictions under the ATC on import-sensitive products would be the last targeted for integration into the GATT system. Thus, the United States plans to maintain fully 89% of its quotas on clothing until 2005.”184 So, even as the death knell for the MFA was ringing, the US had found a means to manipulate it to their advantage. In addition, there was another generous provision in the ATC that would allow for new quotas to be instituted during the transition period if there were “threats” of “damage” to the domestic industries. The US tried

184 Wohn, Towards GATT, 408.
to take advantage of that as well, and “attempted to establish thirty new quotas (of which twenty-five were targeted at WTO members) within the first twenty months of the ATC; by the end of the first year of the ATC, the United States had more quotas than at the beginning of the year.”

But January 1, 2004 came and went, and the US no longer has recourse to the MFA quota system.

The global textile industry has continued to expand and diversity in the wake of ATC. The most recent data on the export of textiles and clothing have shown that international textile trade was valued at $766 billion in 2013. Today, China is the leading exporter of textiles, followed by the European Union, India, Turkey, and Bangladesh coming in fifth. The US was the seventh-largest exporter of textiles while South Korea was the eighth. While the ROK perhaps does not have the dominant position that it once did, it is evident that it owes its still-impressive global ranking to the period of development under Park Chung-hee and the way that he leveraged South Korea’s colonial heritage to plot a successful course of self-development. This process of developing the ROK’s economy relied heavily on the expansion of its textile exports, a move that the US textile manufacturers were in massive opposition to. They managed to leverage their electoral heft in order to secure politicians, such as Richard Nixon, who were supportive of their interests. Nixon would be the driving force behind the most restrictive textile trade agreement to date.

\[\text{\underline{\text{Footnotes}}}\]

185 Ibid., 407.

Korean history scholar Bruce Cumings has written that “Domestic politics in America is like rugby, slouching toward the goal line, hamstrung by constituents, lobbies, and the pulling-and-hauling of a thousand bargains, lacking autonomy. Foreign policy is like a ballet, the long pass from quarterback, or the boxer with a knockout punch.”¹⁸⁷ This is an apt, even elegant, image, but perhaps one that could be extended further to address the interplay between domestic and foreign politics: sometimes the rugby player pirouettes with the ballerina, passes to the quarterback, gets knocked down by the boxer or perhaps dodges his blow at the last second. Such images perhaps better capture the ways in which domestic politics have critically swayed international development agendas.

The question of development for whom and for what purpose has been at the backbone of this thesis. By examining South Korea’s evolution from client-state to patron-state, we see that the answer to that question not only shifts over time, but is also very much dependent on who the question is addressed to and which person or group of people it concerns. Nevertheless, the question is a critical one; it requires an evaluation of development that seeks to go beyond the economic progress of the nation to the lived experiences of the workers.

Avenues for Additional Research

Although the Daewoo-Desh collaborative agreement was one of the lenses through which this thesis was written, it was not the only place that the ROK chose to expand. In addition, South Koreans have taken to investing in textile production facilities in the Dominican Republic,

¹⁸⁷ Cumings, Korean War.
Costa Rica, Jamaica, and St. Lucia.\(^{188}\) A study of those facilities and how they compare to the one in Bangladesh or how they fit in with the world-system being shaped by Asia would provide a potentially very interesting story. In addition, examining the meteoric rise of China in the world trade of textiles today also be a worthwhile study. Given the importance of the textile trade, a transnational study of garment workers would also be very useful. As illustrated above, textile and garment workers tend to come from very demographically similar categories.

The Fray

Textiles, their components and products, have played an important role in cultures around the world. There is one Asian folktale in which a young boy meets the Old Man Under the Moon.\(^{189}\) This old man was actually a matchmaker who told him that he was connected to his future wife by an invisible red thread. One could also argue that in Greek and Roman mythology, fate was personified as three women en: one was charged with spinning the thread of life, the next with deciding its length, and the third with cutting it. This act of cutting is also one that this discussion has had to engage in.

If the reader will permit a rather self-gratifying allusion, the thread before you has been frayed. Frayed in the sense that at the beginning as the end, there are any number of smaller threads which are distinct and identifiable. The political thread has outlined the story of domestic


\(^{189}\) Chung, Myung-sub, ed. Encyclopedia of Korean Folk Literature. Compiled by Tae-woo Kim, Hye-kyeong Ahn, and Hyun-sook Cho. Translated by Ha-yun Jung. Vol. 3. Seoul: National Folk Museum of Korea, 2014, 245. In China, where this story is believed to originate, he is often the god of marriage, Yue Lao. In Korea, this story is known as Blue Thread, Red Thread.
industrial pressure and the formation of international treaties; an economic thread attempts to show the kinds of “development” that occurred, while a social history thread tries to illuminate the changing experiences of the laborers who carried development agendas along. And herein is the second aspect by which this work seeks the fray, to examine the impact of development on those who were marginalized and forced to live on the fringe. One aim has been to bring to light not only to the episodes of spectacular violence, but also the day-to-day working and living circumstances that were both conditioned by and conditions of textile production.

We have the freedoms that come with purchasing power. But with that freedom to choose comes our agreement to participate in a set of systems—as in Wallerstein’s capitalist world-system. It is unreservedly not the intent of this discussion to judge those who engage in such systems but rather to show how they developed over time and in relation to each other, and how they were part of the “development” process throughout history.

The underlying premise of this and other similar studies is that it is better to understand where our clothes come from, why they are arriving from there, and how they arrived, regardless of what choice we make thereafter. Information, even the kind that we may not necessarily want to know, provides us with the ability to decide which systems and institutions we support. It is the underlying belief of this thesis that more knowledge is preferable to less, and that it is better to know what the range of experiences there are behind words such as “development.”
Bibliography


—, Jan. 29, 1968, U.S.-ROK., COT/93


The Reciprocal Trade Agreements Act, United States Code § 4-1351(a) (1934).


