CHAPTER 32

The Global Sneaker: From Asia to Everywhere

32.1 Introduction

We live in a global marketplace. Many of the things we wear or use or eat every day come from other countries. Our cell phones might come from China. Our clothes might be made in Malaysia, Mexico, or Madagascar. The gas in our cars might come from oil pumped in Saudi Arabia or Venezuela. Americans drink coffee from Colombia and tea grown in Kenya. The grapes we eat in winter may have come from Chile. The shrimp in a seafood salad might have been raised in Thailand or Vietnam.

Americans buy goods from all over the world because of **globalization**. This means the development of a global, or worldwide, society. In a global society, people, money, information, and goods flow fairly freely across national borders.

It wasn't always like this. Most of the products that your grandparents used when they were growing up were probably made in their own country. But a boom in world trade has changed all of that. The globalization of the world economy has had a great impact on workers, consumers, business, and the environment.

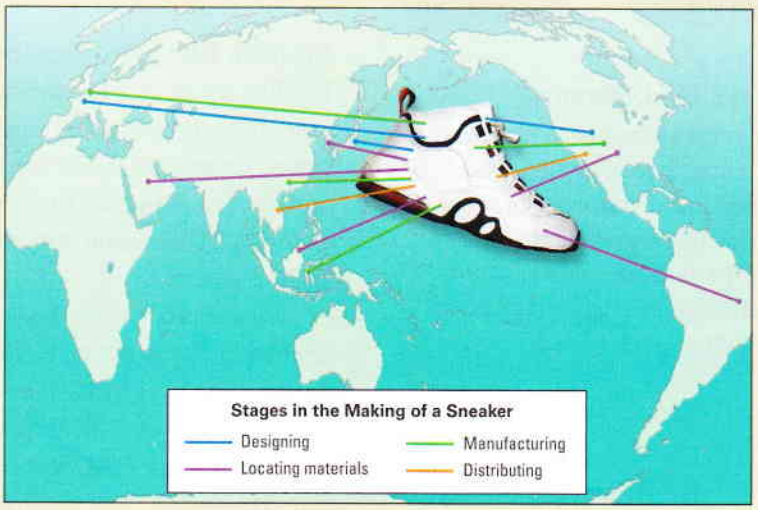
In this chapter, you will look at one common manufactured product that has become globalized: the sneaker. Most sneakers are now made in Asia. You will read about the steps that go into the making of a sneaker. And you will also learn how the globalization of the sneaker affects people and places around the world.

Essential Question

What is globalization, and how does it affect people and places?

The sneaker is a good example of the growth and impact of globalization. The making of a pair of sneakers involves several steps and various countries. The map shows some of the places that have a role in sneaker production. Keep this map in mind as you try to answer the Essential Question.

Graphic Organizer



◀ Shipping containers stacked on docks in Singapore

32.2 The Geographic Setting

Globalization affects every country in the world. But no **region** is more involved than Asia. Countries such as China, South Korea, and Japan have played a major role in the global spread of manufacturing and trade. Asian countries are key players in the global economy.

The Growth of Globalization Globalization is the result of several factors. Advances in communication and transportation have played a big part. Another major factor is the movement toward **free trade**. Free trade is the flow of goods and services across national borders with few controls by governments.

Support for free trade has grown over the past 60 years. In 1947, the United States and 22 other countries signed the General Agreement on Tariffs and Trade (GATT). They agreed to reduce **tariffs** and other barriers to trade. A tariff is a tax on goods imported from another country. This agreement led to the creation of the World Trade Organization (WTO). The WTO also works to reduce trade barriers. By 2005, the WTO had 148 member countries.

Globalization has also been helped by the rise of **multinational corporations**. These are large firms that operate in more than one country. They are key actors in the global economy. They produce and sell goods and services around the world.

Globalization has brought economic growth to many developing countries. This has meant jobs for millions of people. It has also increased **economic interdependence** among countries. Interdependent countries rely on one another for resources, technology, and trade.

Trade between China and the United States is a good example of economic interdependence. Factories in China make all kinds of goods for export to the United States. When the U.S. economy is booming, Americans have plenty of money to spend on Chinese products. When the economy is not doing so well, Americans spend less on goods. So the jobs of many factory workers in China depend on the economic health of the United States.

What's the Difference?
One of the shoes above was made in the United States. In 2001, however, the last pair of these shoes came off an assembly line in North Carolina. Now they are made in Asia. Look carefully at the labels to tell which is which.

Athletic Shoe Production: Sneaking Away from the U.S. The history of sneaker production shows globalization at work. For years, the sneakers that Americans wore were made in the United States. Over time, however, most companies moved their production to Asia. By doing so, they were able to spend less on labor and materials. This made it possible to sell sneakers for less and still make a profit.

Look at your own shoes. The label probably says "Made in China" or another Asian country. This is true even for a famous American sneaker: the Converse Chuck Taylor All Star. This shoe's label used to read "Made in U.S.A." But now they, too, are made in Asia.

Behind every sneaker is a complex production process. This involves design, raw materials, manufacturing, and **distribution**. In this chapter, you will see what is done where and why.

Geoterms

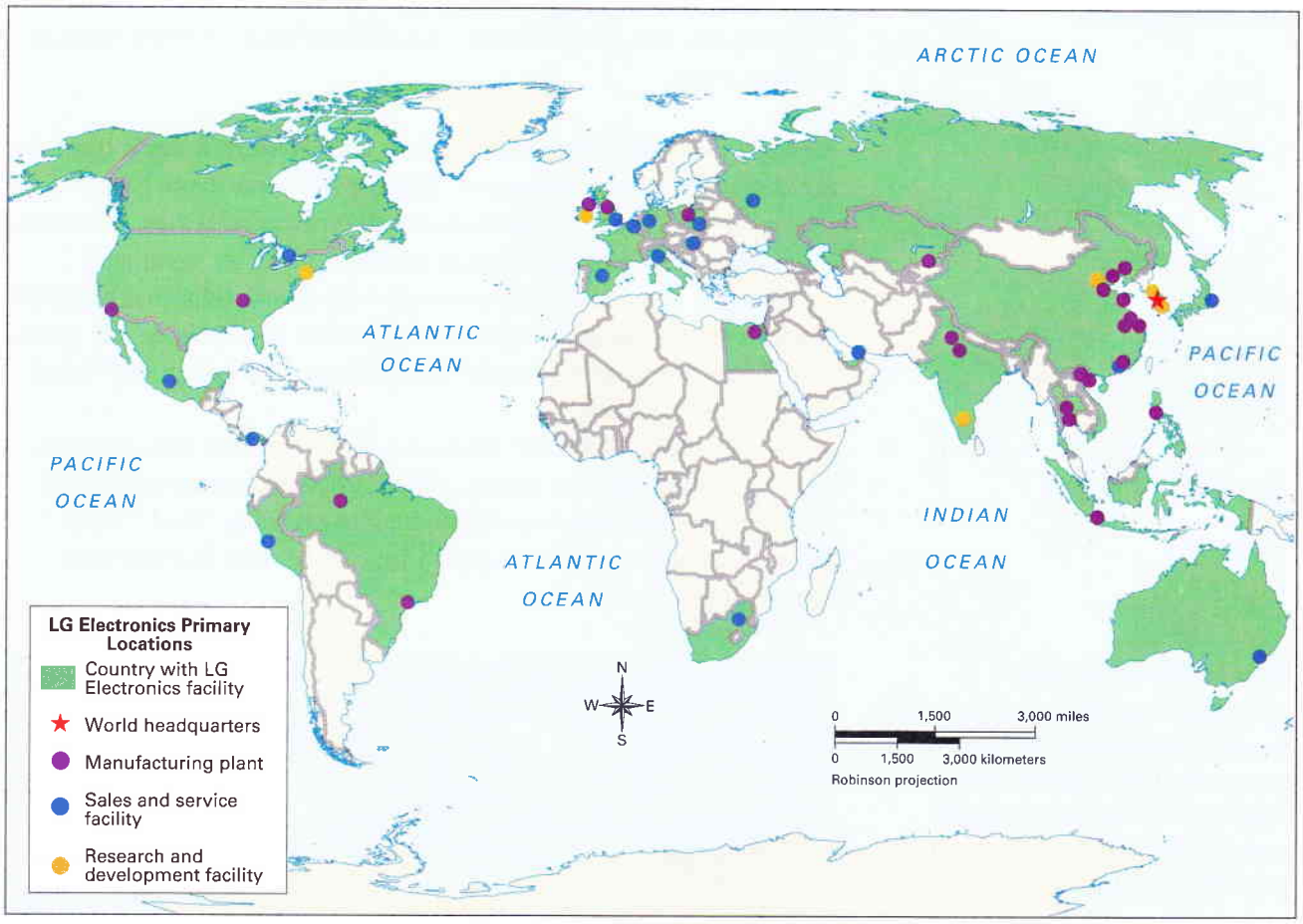
economic interdependence a condition in which countries have strong economic ties and depend on each other for resources, technology, trade, and investment

free trade the flow of goods and services across national borders, with little or no government control

globalization the development of a global, or worldwide, society in which people, money, information, and goods flow fairly freely across national borders

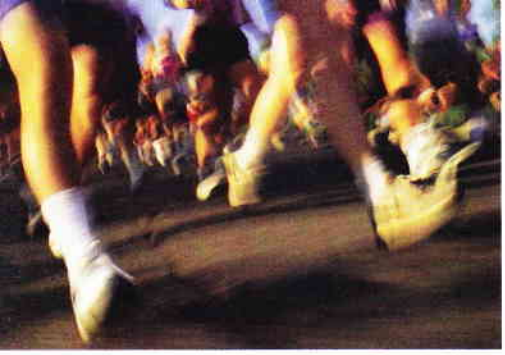
multinational corporation a large company that has operations in more than one country

Locations of a Multinational Corporation



From South Korea to the World

Most multinational corporations are based in Western Europe or the United States. But Asia has its share, too. LG Electronics is a large company based in South Korea. It makes televisions, computers, and other products. It began to expand overseas in the 1970s. The countries shown in color on this map all have LG Electronics facilities today.



Shoes for All Kinds of Feet
Designing shoes for all kinds of feet and activities is a complicated process. Designers get help from scientists who study foot motion and materials. They also talk to athletes. Using their imaginations, they make drawings and models. Sample shoes are then tested in the lab and on the street. If the design works, the shoe goes into production.

32.3 Designing a Global Sneaker

In Britain, they're called trainers. In Australia, they're called sand shoes. Their most common name, though, is sneakers. This name came from an American who noticed how quietly people walked when they wore them. Until the late 1960s, sneakers were relatively simple shoes. Today they are far from simple.

Design Then: A Simple Sports Shoe Sneakers were first made in the mid-1800s. They were used for sports like tennis, croquet, and running. Later, they became popular for basketball.

For the next 100 years, sneaker design changed very little. The upper part of the shoe was made of cotton canvas. The sole was made of rubber. Buyers could choose from a few different brands and styles. There were high tops or low cuts, usually in black or white. Most people thought of sneakers only as athletic shoes.

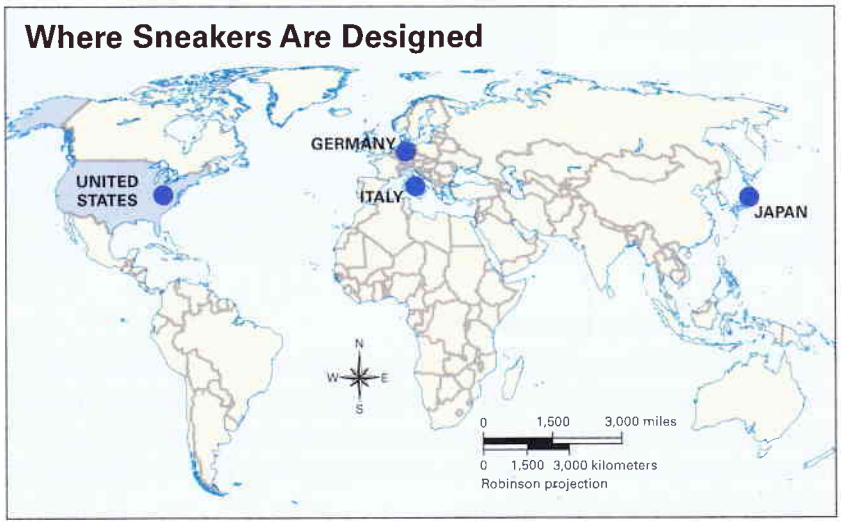
In the 1950s, though, people began to change their view of sneakers. The shoes were not just for sports any more. They became casual shoes for everyday use. Men, women, and children began wearing them as fashion items.

Design Now: A Complex Fashion Statement Today's sneakers are designed for many purposes. Athletes still wear them. But so does everyone else. There are sneakers for all types of activities, from running and rock climbing to playing tennis or just walking around.

Sneaker companies have come up with new designs and materials for their shoes. These changes have improved performance and comfort. Today companies compete with each other to design the "latest and greatest" sneaker.

New designs and colors have also given sneakers more fashion appeal. To increase that appeal, athletic shoe companies often hire athletes and musicians to promote their sneakers as "cool." They know that many people will pay to wear what their favorite stars are wearing.

New Looks Begin Here
This map shows where most sneakers are designed. Much of this work takes place in the United States. Designers often work closely with the sports stars who will wear and promote the shoes that they design.



32.4 Locating Global Sneaker Materials

Look at the soles of your sneakers. They're made of rubber. But sneakers are made of many other materials, too. Some of these materials are found in only a few places in the world. They come together at factories to create a shoe with three main parts: the upper, the midsole, and the outer sole.

The Complex Upper: Mesh Fabric, Leather, and More The upper is the top part of a sneaker. Some uppers are made of natural materials, like cotton or leather. The leather comes from cattle raised in Texas, Venezuela, and other livestock centers. The cowhides are usually sent to South Korea, where they are made ready for use.

Other uppers are made of synthetic, or human-made, materials such as nylon. Nylon fabric is light and dries easily.

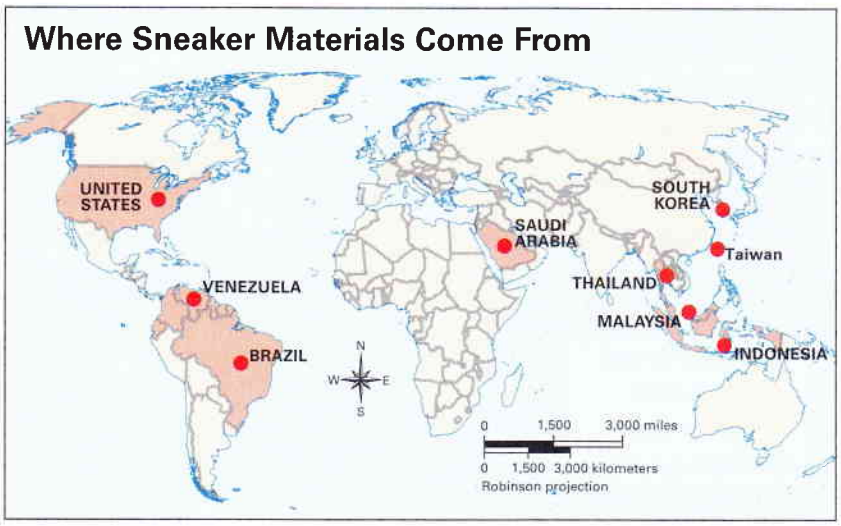
The Squishy Midsole: Foam Padding and Air Bags The midsole is the part of the shoe that cushions the bottom of your foot. It is made of plastic and foam padding. These materials are made from oil found in Saudi Arabia and other oil-rich countries.

The foam used in many sneakers may be produced in South Korean factories. Chemicals are poured into molds and then baked. In the process, they form millions of tiny gas bubbles that give the foam a cushiony feel. Some midsoles also contain small "air bags" filled with pressurized gas.

The Tough Outer Sole: Synthetic and Natural Rubber Treads The tread, or sole, of a sneaker needs to be tough but flexible enough to put a spring in your step. All sneakers used to have natural rubber soles. The rubber came from the sap of rubber trees grown in tropical countries like Brazil, Indonesia, Thailand, and Malaysia.

Today most soles are synthetic rubber. This is made from coal and oil. Much of the rubber used in sneaker production comes from factories on the island of Taiwan.

Inside the Sneaker
The three main parts of a sneaker are the upper, the midsole, and the tread. Many of the materials in each part are synthetic. They are made from oil and coal.



Global Sources
The materials used to make sneakers come from countries around the world. This map shows some of the sources of those materials. Some places supply raw materials, such as leather and oil. Others supply manufactured parts, like nylon and foam padding.

South Korean Production
In the 1980s, South Korean workers made many of the world's sneakers. They worked for low wages and were very productive. However, wages went up over time. South Korean companies moved production to countries where pay was still low. Now they "offshore" their work the same way American companies do.

32.5 Manufacturing the Global Sneaker

By now you know that sneakers are not simple shoes. A lot of work goes into creating their designs and materials. But that's not all. Manufacturing sneakers is also a big job. A single sneaker may have more than 50 pieces. It can require the labor of 120 people to put together one pair of shoes.

What Happened to "Made in U.S.A."? Most sneakers used to be made in the countries where they were sold. In the 1960s, simple canvas and rubber sneakers were still being produced in the United States, Britain, and Germany.

In the 1970s, however, sneakers became more complicated. The number of styles increased. The designs became more complex. More labor was needed to assemble these shoes. Costs began to rise. It finally became too expensive to make shoes in high-wage countries like the United States.

Production Moves to Low-Wage Countries Faced with high costs, sneaker companies began to move production offshore, or to other countries. At first, sneaker production moved mainly to South Korea. This country had a large pool of low-wage workers. It had factories that could be used to make shoes. And it had ports for shipping raw materials into the country and finished sneakers out.

Over time, wages in South Korea went up. Making shoes there became less profitable as a result. In the 1990s, production shifted again, this time to China, Indonesia, and Vietnam. All three countries offered the same advantages once found in South Korea.

In fact, many of the sneaker factories in these countries were set up and run by South Korean shoe companies. Rising labor costs at home had led the Korean companies to move their production offshore. This was just what American and European companies had done 20 years earlier—and for the same reasons.

Moving Offshore
This map shows how sneaker production has moved over time. In the 1970s, it went from the United States and Europe to South Korea, Taiwan, and Japan. By the 1990s, production shifted to China and Southeast Asia. Lower labor costs have been the reason for these moves. Sneaker production may move again, perhaps to low-wage Africa.

A Container Ship
Sneakers travel from Asia in shipping containers. These containers are a very efficient way to move goods. They can be transferred easily from ships to trains to trucks. By lowering the cost of shipping, containers have become a key factor in globalization.

32.6 Distributing the Global Sneaker

In 1990, a ship carrying sneakers from South Korea to the United States was hit by a big storm. Eighty thousand pairs of shoes spilled into the Pacific Ocean. A year later, the shoes were still washing up on American shores. Normally, though, sneakers have a smoother journey from Asia. Companies use several methods of transportation to get their shoes from the factory to the store.

Across the Globe by Ship Typically, sneakers are sent by container ship from Asia. This is the least expensive way to move goods over such long distances.

The trip to the United States takes about two weeks. The sneakers make this journey in freight containers. These are large, weatherproof steel boxes that are easy to stack on the deck of a ship. Big container ships can carry 8,000 of these boxes.

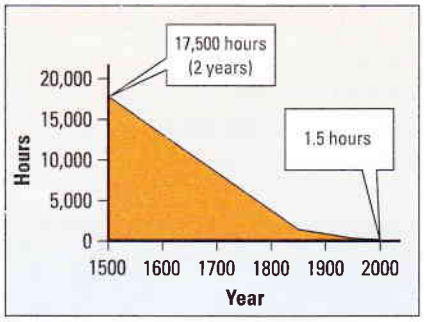
Across the Country by Train and Truck When a ship arrives on the west coast of the United States, the containers are unloaded onto trains or trucks. In some ports, train tracks run right up to the docks to make unloading easier.

Train or truck transport across the United States can take up to a week or longer. Most sneakers end up in Memphis, Tennessee. Memphis is a major distribution center where rail lines and highways meet. Sneakers are kept in warehouses here and sent by truck to stores around the country. A truck leaving Memphis in the morning can reach 75 percent of the nation's population by the next day.

From the Store to Your Home Sneakers are distributed to some 18,000 stores in the United States. You probably shop at some of them. By the time a pair of sneakers makes it from an Asian factory to your home, it may have traveled more than 7,000 miles.

In 2000, Americans bought 405 million pairs of sneakers. That's nearly one and a half pairs for every man, woman, and child. Sneaker sales totaled $15 billion. And that doesn't count the rest of the world. Clearly, the global sneaker is big business.

Travel Time Around the World, 1500–2000



Our Shrinking World
This graph shows the time it took to travel around the world at different points in history. Around 1500, it took a sailing ship two, and sometimes three, years to circle the globe. Jet planes shrank that time to two days. A space shuttle can do it in less than two hours. As travel time has decreased, our world has seemed to shrink.

32.7 Beginning to Think Globally

In this chapter, you read about globalization and the making of the global sneaker. You learned that free trade plays a key role in the global economy. You read how shoe companies have become multinational corporations. And you have seen how the global sneaker has increased economic interdependence among several countries.

Globalization is changing the world. These changes may be either good or bad, depending on your point of view.

The Case for Globalization Globalization has benefits for both rich and poor countries. When companies in wealthy countries set up factories in poor countries, they create new jobs. The workers who fill these jobs often improve their standard of living. The money they earn also helps bring economic growth to their countries.

Companies that move production offshore do so to keep their costs low. This helps them keep their prices low as well. Low prices benefit consumers in both rich and poor countries. Many working people today can buy products that were once considered luxuries that only the rich could afford.

Globalization has other benefits. Countries that trade with one another want to maintain good relations. As a result, they may be less likely to go to war. In this way, economic interdependence may lead to a more peaceful world.

A global society also brings the world's people together in ways never before possible. It lets us see how other people live and work in other lands. It allows us to share ideas, technology, music, and art across vast distances. As we learn more about one another, we can learn to understand and respect other ways of life.

Closed Factories, Lost Jobs
Globalization has brought new factories and jobs to developing countries. But as production has moved overseas, some U.S. factories have closed their doors. Factory closings are hard on workers who lose their jobs. Towns suffer as well from the loss of jobs and business.

The Case Against Globalization
Increased global trade can bring harm as well as good. Some developing countries lack laws to protect the environment. Factories set up in such countries often dump **toxic waste** into rivers and streams. They release deadly fumes into the air. Such polluting practices would be illegal in developed countries.

Many poor countries also lack worker protection laws. Without such laws, factories can require workers to work long hours for low wages. A sneaker factory worker in Asia might earn just $2 for a 12-hour workday. They can also hire children, who are paid even less. Factories that abuse workers are called sweatshops. Working conditions in sweatshops are often unsafe or unhealthy.

Fast Food in the Philippines
Globalization sometimes kills off local businesses. But some businesses survive by copying foreign ideas. This fast-food restaurant in the Philippines looks like an American chain. But it's owned by a local company. It now competes successfully with large fast-food chains.

Globalization can be harmful to workers in developed countries as well. When companies send work offshore, they often close factories at home. Many Americans have lost their jobs because of factory closings. Towns and cities may also suffer when unemployed residents move to other places to find work.

Finally, globalization can upset traditional ways of life. When foreign fast-food chains move into a country, they may crowd out traditional food sellers. The same can happen when a country is flooded with foreign movies, television shows, and music. Traditional arts may be lost. Many people may welcome the arrival of global culture. But they may also lose things that make their way of life unique or special.

The Future of Globalization People often disagree about the impact of globalization. Some think its benefits outweigh its drawbacks. Others say it does more harm than good. But one thing seems certain: globalization is here to stay. And it's likely to increase.

One reason for this is that many poor countries see globalization as a path out of poverty. They have seen how countries like South Korea and Singapore have prospered from global trade. Both countries welcomed foreign companies. Both saw their economies grow rapidly as a result. Now other countries want to follow their example.

Another reason is that money now moves freely around the world. Money coming into a country from investors in another country is called **foreign investment**. Every year, billions of dollars of foreign investment move around the world. This money is used to build new factories or to invest in businesses. Think about this as you look at the map and graphs of foreign investment in the next section.

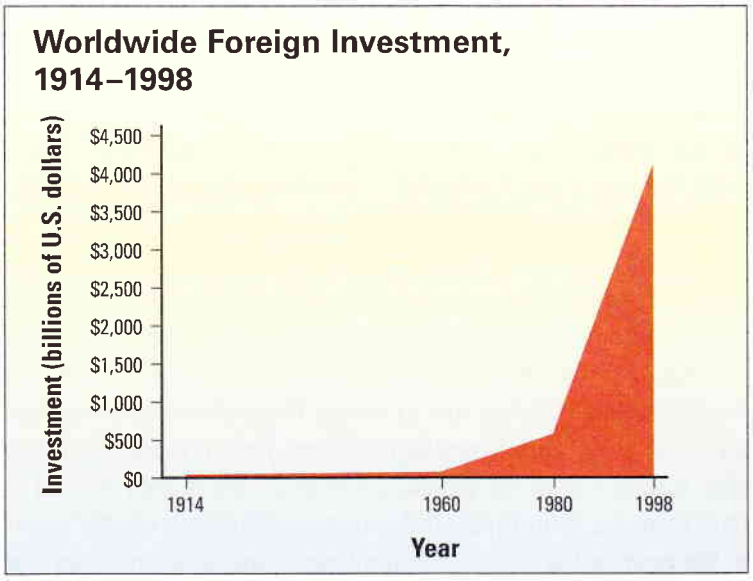
32.8 Global Connections

Foreign investment is an important factor in globalization. It is the main way that multinational corporations expand offshore. The graphs show changes in foreign investment between 1914 and 1998. The map shows foreign investment flowing to the developing world in 2002.

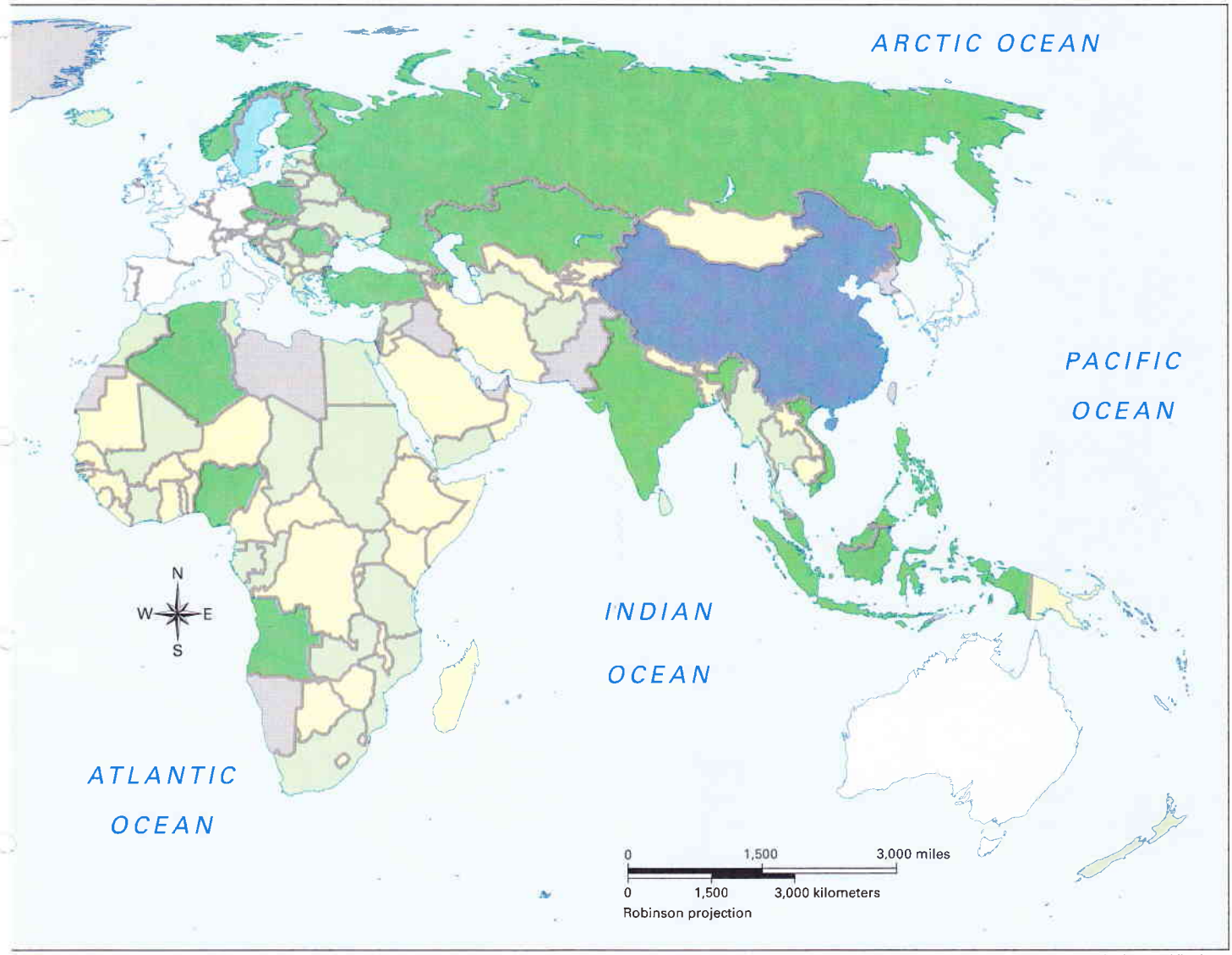
How has foreign investment changed since 1914? Foreign investment has gone up since 1914. Most of this increase came in the years after 1960. This was a period of rapid growth in the global economy. The first circle graph shows that in 1914, most foreign investment went to Latin America and Asia. The second graph shows that by 1998, the percentages going to these regions had decreased. Even so, the total dollar amount was much greater in 1998 than in 1914.

Which developing country attracted the most investment money in 2002? How might this investment have affected life there? China received more foreign investment than any other developing country in 2002. Most of this money was used to start new businesses in **urban** areas. These businesses attracted workers from **rural** areas. As a result, China is becoming more urban year by year.

Which parts of the world attracted the least investment money? How might this affect the people living there? Most countries in Africa, Southwest Asia, and Central Asia attracted little investment. As a result, their economies have grown slowly or not at all. Most of their people still depend on agriculture to make a living. Job opportunities are often quite limited.



Source: *Big Picture, Small World*, bigpicturesmallworld.com.



Source: *Development Data Group, The World Bank,* "World Development Indicators Online," publications.worldbank.org.