

32.2 The Geographic Setting

Globalization affects every country in the world, but no **region** has been 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. These and other Asian countries continue to be key players in the global economy.

The Growth of Globalization Globalization is the result of a number of factors. Advances in communication and transportation have played a major role. Another important factor is the movement toward **free trade**, 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). These countries agreed to reduce **tariffs** and other barriers to trade. A tariff is a tax on goods imported from another country. The agreement led to the creation of the World Trade Organization (WTO), which works to reduce trade barriers. By 2008, the WTO had 153 member countries.

Globalization has also been helped by the rise of **multinational corporations**, which are large firms that operate in more than one country. Multinational corporations have become key players within the global economy, producing and selling goods and services throughout the world.

Globalization has brought economic growth to many **developing countries**, resulting in the creation of jobs for millions of people. This economic growth has also increased the **economic interdependence** among countries, as 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 produce a wide variety 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. Therefore 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 reduction in production costs made it possible for the companies to sell sneakers for lower prices 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 once read "Made in U.S.A." But now these shoes, too, are made in Asia.

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