

# ***THE GLOBAL SNEAKER***

## **Pre Lesson Investigation:**

1. Get with a partner and take a look at the tags on your clothes, shoes, bags, etc. Write down the country names that these articles came from below. If you know where these countries are located, place an "X" on the map for each item.




2. What conclusion can you draw about most of the articles of clothing worn by American teens?
  
  
  
  
  
  
  
  
  
  
3. Why do you think this has happened?

# ***GLOBALIZATION***

1. Define *Globalization* in your own words:
2. Where is it taking place?
3. Why is it happening?
4. What are the advantages for having globalization?
5. What are the disadvantages for having globalization?
6. Why should geographers care about globalization?

Using at least TWO pieces of evidence to support your claims, write a 1 paragraph journal arguing either:

Position 1...*I feel that I have benefited from globalization in my life.*

or

Position 2... *I feel that I have been hurt from globalization in my life.*

# The Global Sneaker: From Asia to Everywhere

## 32.1 Introduction

We live in a global marketplace, with many of the things that we wear or use or eat every day coming from other countries. Our cell phones might be manufactured in China. Our clothes might be produced in Malaysia, Mexico, or Madagascar. The gas in our cars might have been refined 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 traveled to us 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**, which 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. However, a boom in world trade has changed all of that. The globalization of the world economy has had an enormous impact on workers, consumers, business, and the environment.

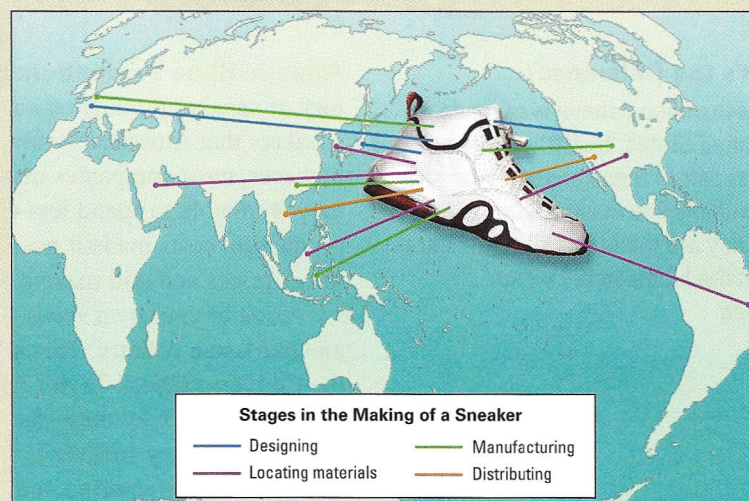
In this chapter, you will look at one common manufactured product that has become globalized: the sneaker. Historically, the sneakers on the feet of most Americans were produced in the United States, but today most sneakers are made in Asia. You will read about the steps that go into the making of a sneaker, and you will 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



## 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 2005, the WTO had 148 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.

## ▶ Geoterms

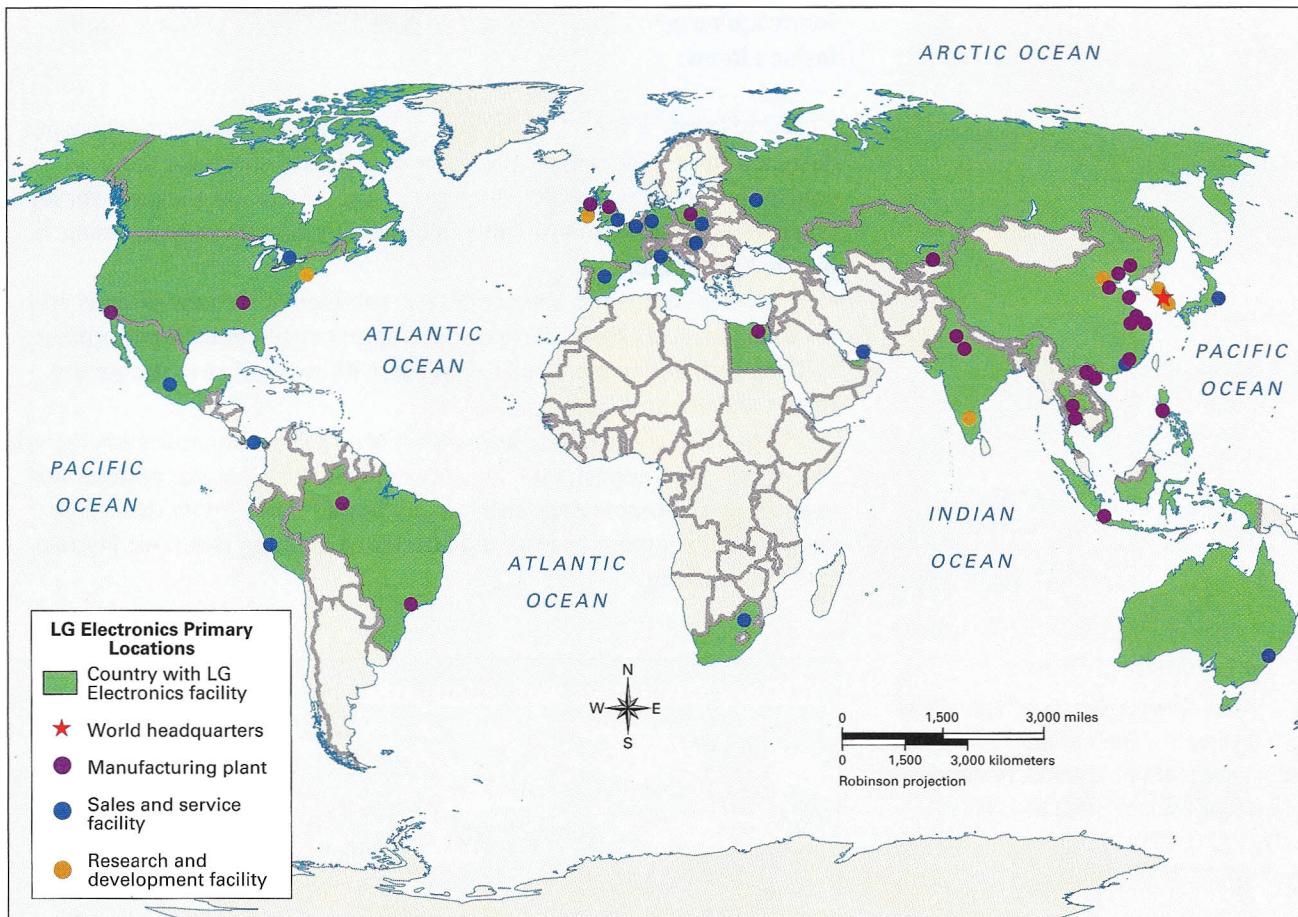
**economic interdependence** a condition in which countries have strong economic ties and depend on each other for resources, technology, trade, and investment

**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.

## 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. All of the materials 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, such as cotton or leather. The leather comes from the hides of cattle that are raised in Texas, Venezuela, and other livestock centers. The cowhides are usually shipped to South Korea, where they are made ready for use in manufacturing.

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, which are materials that are produced 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, these chemicals form millions of tiny gas bubbles that give the foam a cushiony feel. Some midsoles also contain small "air bags" filled with pressurized gas.

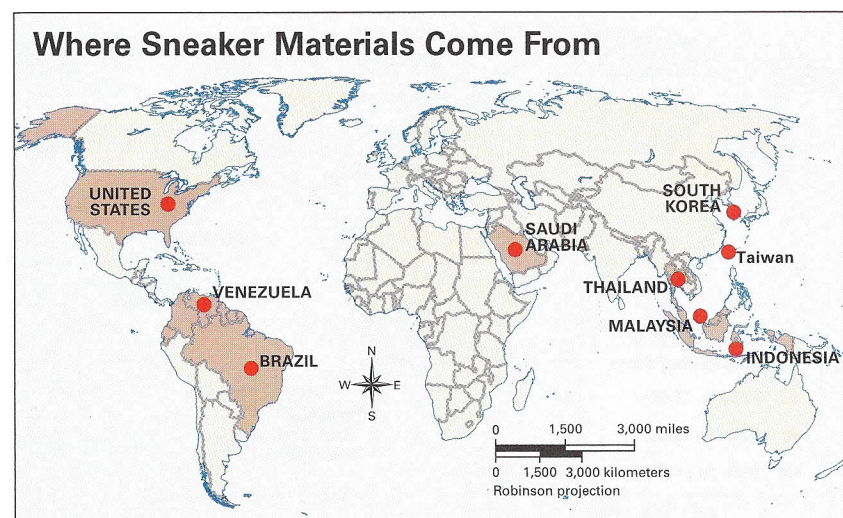
**The Tough Outer Sole: Synthetic and Natural Rubber Treads** The tread, or sole, of a sneaker needs to be tough but also flexible enough to put a spring in your step. All types of sneakers used to be manufactured with natural rubber soles. The rubber came from the sap of rubber trees that are grown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

Today most soles are formed from synthetic rubber, which is made from coal and oil. Much of the synthetic 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.



## 32.5 Manufacturing the Global Sneaker

By now you know that sneakers are not simple shoes. A lot of labor goes into creating their designs and materials. But that's not all. Manufacturing sneakers is also a complex job. A single sneaker may have more than 50 pieces. It can require the work 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, and the designs became more complex. As a result, more labor was needed to assemble these shoes, and production costs began to rise. Eventually it became too expensive to make shoes in high-wage countries like the United States.

### 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.

**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, which offered a number of advantages. This country had a large pool of low-wage workers, and it had factories that could be used to make shoes. In addition, South Korea had ports for shipping raw materials into the country and finished sneakers out.

Over time, however, wages in South Korea rose. As a result, manufacturing shoes there became less profitable. In the 1990s, production shifted again, this time to China, Indonesia, and Vietnam. All three of these countries offered the same advantages that were 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 South 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 fierce 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 move their shoes from the factory to the store.

**Across the Globe by Ship** Typically, sneakers are transported 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, which are large, weatherproof steel boxes that are easy to stack on the deck of a ship. Huge container ships can accommodate 8,000 of these boxes.

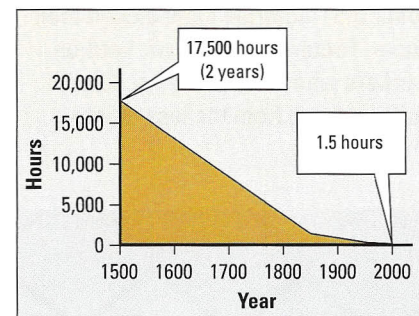
**Across the Country by Train and Truck** When a ship arrives on the west coast of the United States, the containers are unloaded onto trains or trucks. In some ports, train tracks run right up to the docks to make unloading easier.

Train or truck transport across the United States can take a week or longer. Most of the sneakers end up in Memphis, Tennessee, which is a major distribution center where rail lines and highways meet. The sneakers are stored in warehouses in Memphis and then delivered by truck to retail stores around the country. A truck leaving Memphis in the morning can reach approximately 75 percent of the nation's population by the following day.

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

In 2000, Americans bought about 405 million pairs of sneakers. That is approximately one and a half pairs for every man, woman, and child in the United States. Sneaker sales totaled \$15 billion—and that amount doesn't count sales in the rest of the world. Obviously, the global sneaker is a booming 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 major role in the global economy. You read how shoe companies have been transformed into multinational corporations. In addition, you have seen how the production of global sneakers has increased the 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, and the money they earn helps bring economic growth to their countries.

Companies that move production offshore do so to keep their costs low. Lower production costs help 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 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 against each other. In this way, economic interdependence may contribute to creating a more peaceful world.

A global society also brings the world's people together in ways that were never before possible. It gives us a glimpse into how people live and work in other lands. Furthermore, it allows us to share and exchange ideas, technology, music, and art across vast distances. As we learn more about one another, we can grow 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 that are set up in such countries often dump **toxic waste** into rivers and streams and 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. For example, a sneaker factory worker in a developing country in Asia might earn just \$2 for a 12-hour workday. A factory might even hire children, who are paid even less. Factories that abuse workers are called *sweatshops*. Working conditions in sweatshops are often unsafe or unhealthy.



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. A similar problem can occur 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 traditions that have made their way of life unique or special.

**The Future of Globalization** People often disagree about the impact of globalization. Some observers think that its benefits outweigh its drawbacks. Other people believe that it is doing more harm than good. In any case, one thing seems certain: globalization is here to stay. And it is likely to increase.

One reason for the increase in globalization is that many developing countries see it as a path out of poverty. These poor countries have observed how countries like South Korea and Singapore have prospered from global trade. Both countries welcomed foreign companies, and both saw their economies grow rapidly as a result. Now other countries want to follow their example.

Another reason for the increase in globalization 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 examine the map and graphs of foreign investment in the next section.

### **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.