LESSON 32

The Global Sneaker: From Asia to Everywhere

Introduction

We live in a global marketplace, in which many of the things that we wear, use, and eat every day come 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 tuna in a tuna fish sandwich might have been imported from Indonesia or Ecuador.

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

It was not 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 transformed the economy. The globalization of the world economy has had an enormous impact on workers, consumers, business, and the environment.

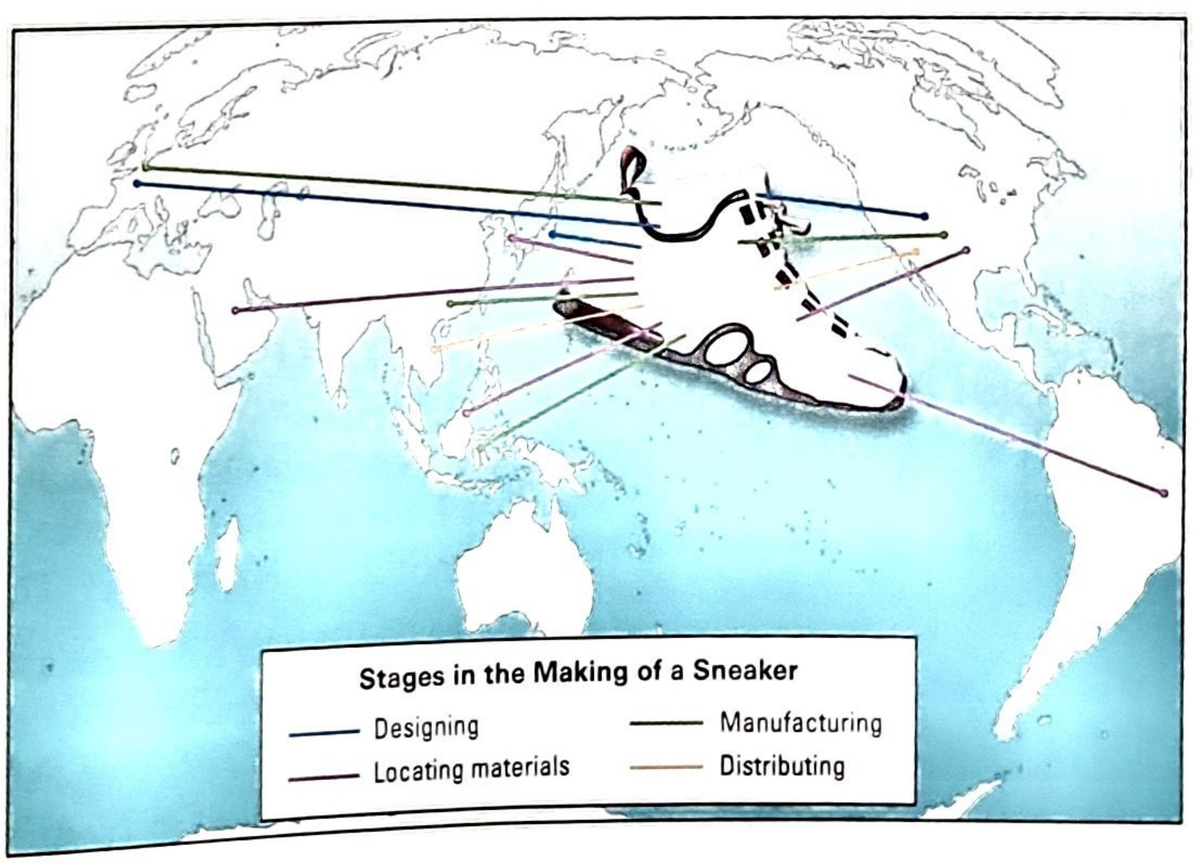
In this lesson, you will learn about one common manufactured product that has become globalized: the sneaker. Historically, most of the sneakers worn by Americans were produced in the United States, but today, most sneakers are made in Asia. You will read about the steps that are included in the making 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. This map shows some of the places that play a role in sneaker production. Keep this map in mind as you try to answer the Essential Question.

Graphic Organizer



Shipping containers are stacked on the docks of Singapore's commercial port, awaiting transport.

1. The Geographic Setting

Globalization affects every country in the world, but no **region** has been more impacted 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 critical to the global economy.

The Growth of Globalization Globalization is the result of a number of factors. Advances in communication and transportation have furthered globalization. Another important factor is the movement toward **free trade,** or the flow of goods and services across national borders with few government controls.

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 2016, the WTO had 164 member countries.

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

Globalization has catalyzed economic growth in 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 as 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, the last pair of U.S. Converse came off an assembly line in North Carolina. Now, these shoes are made in Asia. Look carefully at the labels to identify which is which.

Athletic Shoe Production: Sneaking Away from the U.S. The history of sneaker production demonstrates the process of globalization. For years, the sneakers that Americans wore were made in the United States. But over time, 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 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 well-known 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 lesson, you will learn what is done where and why.

Geoterms

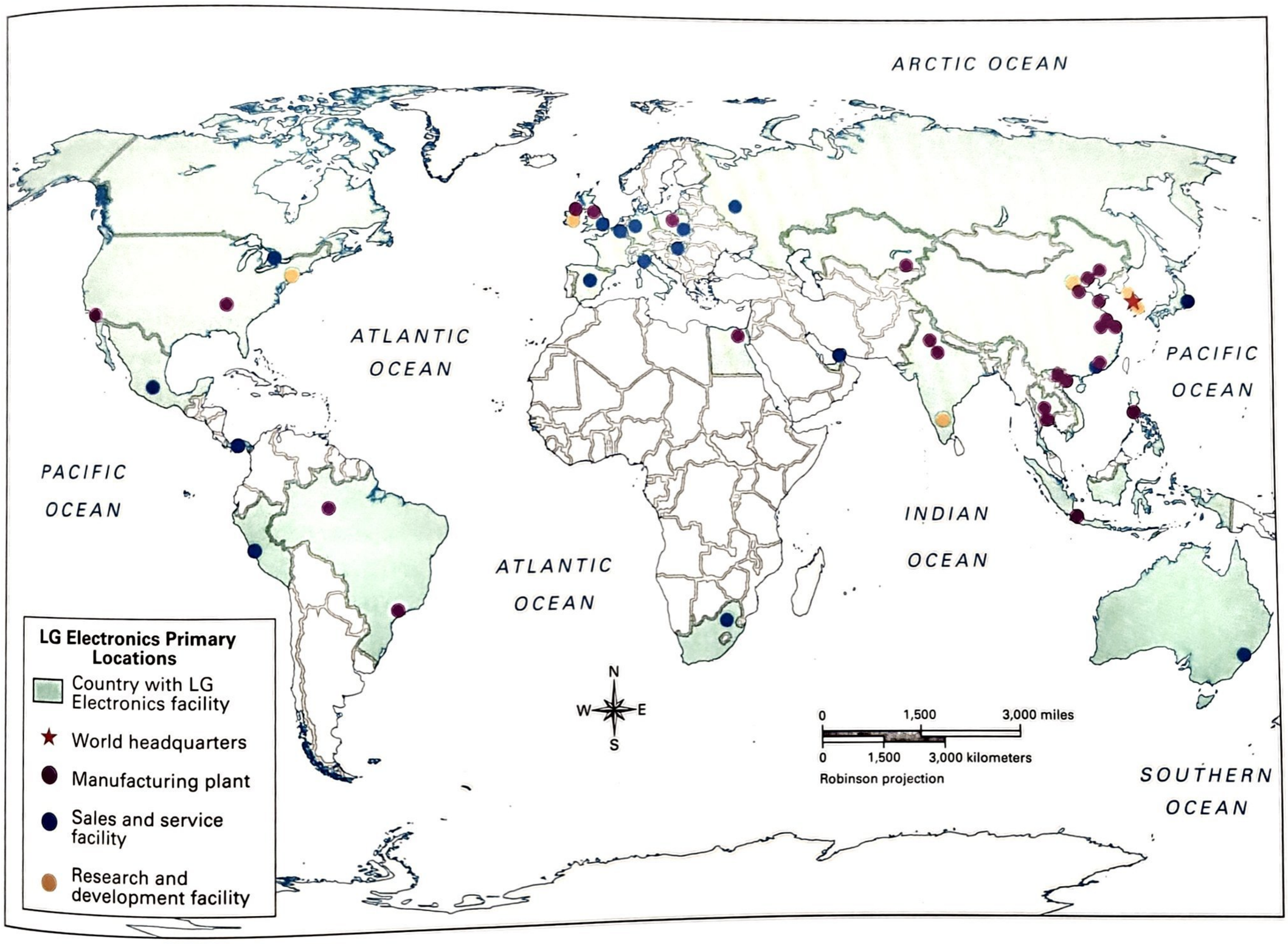
economic interdependence a condition in which countries have strong economic ties and depend on each other for resources, technology, trade, and investment

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

Although most multinational corporations are based in Western Europe or the United States, Asia has its share as well. 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 various types 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 creativity, designers make drawings and models. Sample shoes are then tested in the lab and on the street. If the design is approved, the shoe goes into production.

2. Designing a Global Sneaker

In Britain, they are called trainers. In Australia, they are known as sand shoes. Their most common name, however, is sneakers. This name was first created by 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 during the mid-1800s for use in sports like tennis, croquet, and running. Later, they became popular for basketball.

Over the next one hundred years, sneaker designs changed very little. The upper part of the shoe was fashioned from cotton canvas, and the sole was made of rubber. Buyers could choose from only a few brands and styles. They could choose between high tops or low cuts, usually available in black or white. Most consumers considered sneakers as shoes meant purely for athletic use.

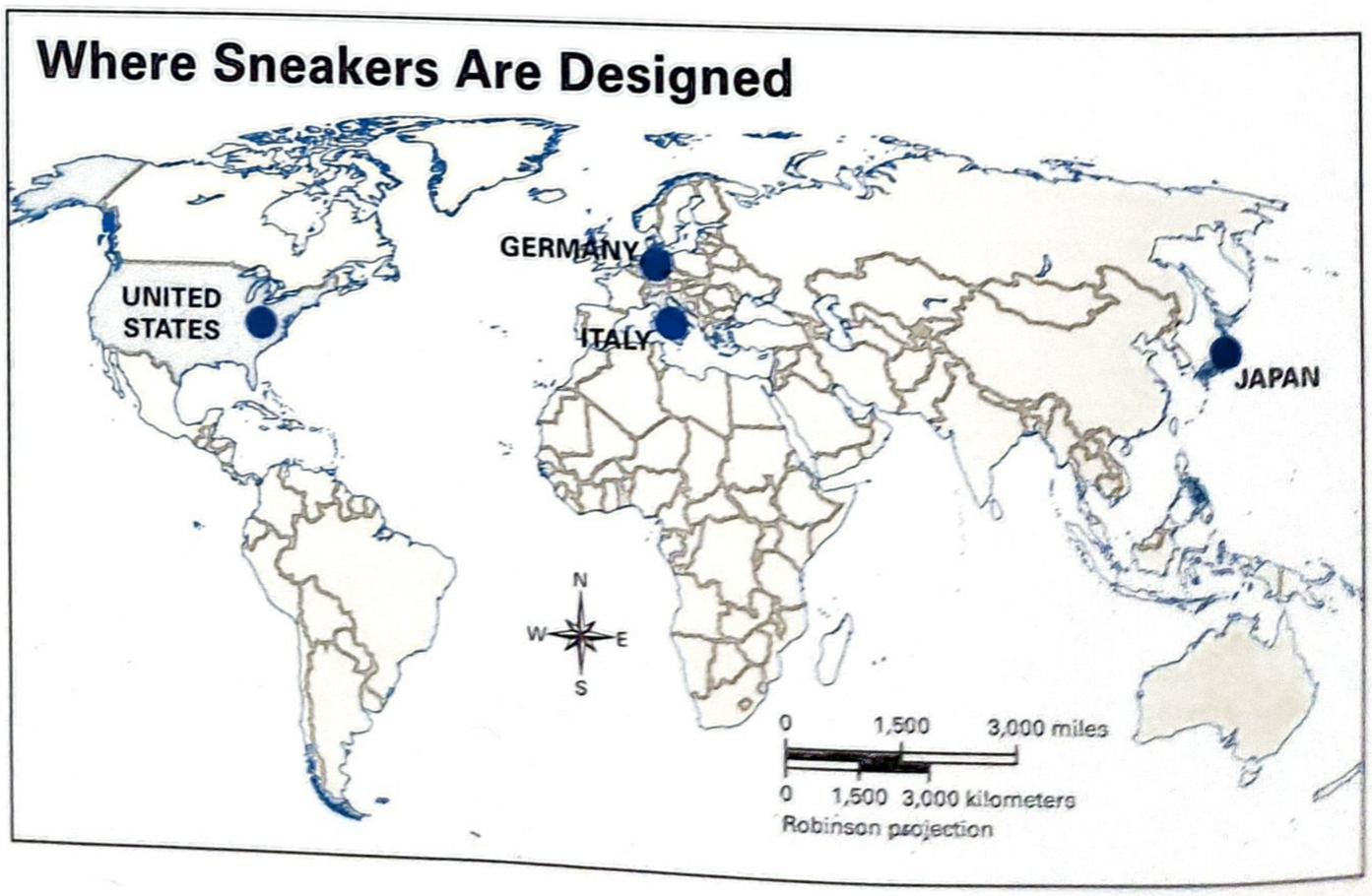
In the 1950s, people began to change their view of sneakers. The shoes were not just for sports any longer. Instead, they became casual shoes for everyday use. Men, women, and children began wearing them as fashion items.

Design Now: A Complex Fashion Statement Today's sneakers are designed for a wide variety of purposes. While athletes still wear them, so does almost everyone else. There are sneakers for all types of different activities, including but not limited to running, rock climbing, playing tennis, and even walking.

Sneaker companies have created innovative new designs and materials for their shoes, improving both performance and comfort. Today, companies face intense competition to design the "latest and greatest" sneaker for the market.

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

New Looks Begin Here
This map shows where most sneakers are designed. Much of shoe design 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.



3. Locating Global Sneaker Materials

Look at the soles of your sneakers. They are 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 these materials come together in 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. Leather used in sneakers 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 prepared for manufacturing use.

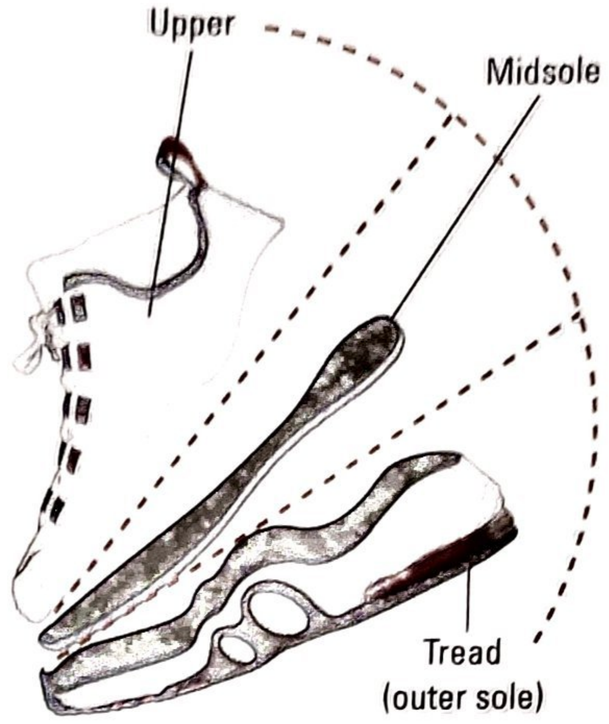
Other uppers are made of synthetic, or human-made, materials like nylon. Nylon fabric is light and dries easily.

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, a material that is produced from oil found in Saudi Arabia and other oil-rich countries.

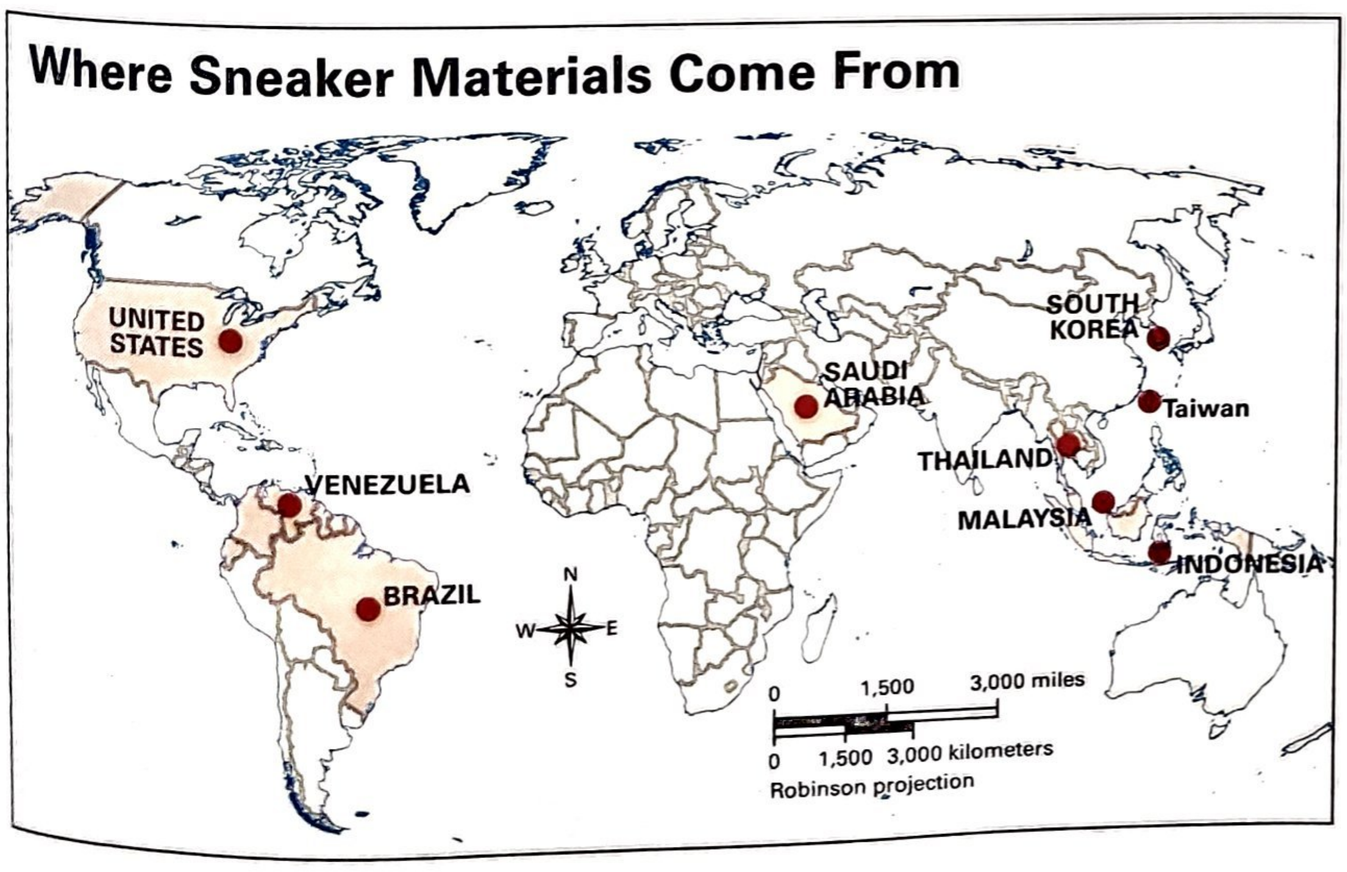
The midsole may also contain foam padding, which is often produced in South Korean factories. Chemicals are poured into molds and then baked. In the process, these chemicals form millions of tiny gas bubbles that give the foam a cushiony feel. Some midsoles also contain small "air bags" filled with pressurized gas.

The Tough Outer Sole: Synthetic and Natural Rubber Treads The tread, or outer sole, of a sneaker needs to be stiff yet flexible enough to put a spring in your step as you move. Sneakers used to be manufactured with natural rubber soles. The rubber came from the sap of rubber trees grown and harvested in tropical countries like 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 in Asian countries.



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. These synthetic materials are made from oil and coal.



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

4. Manufacturing the Global Sneaker

By now, you know that sneakers are not simple shoes. A lot of labor goes into creating designs and materials for sneakers. 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 assemble one pair of shoes.

"Made in U.S.A." Becomes too Expensive Most sneakers used to be made in the countries where they were sold. Through the 1960s, simple canvas and rubber sneakers were produced in the United States, Britain, and Germany.

Beginning in the 1970s, 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. Also, as production costs began to rise, it became very 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. South Korean factories were able to hire many workers for low wages. As South Korean wages rose over time, shoe companies moved production to countries where pay was still low. Now, South Korean shoe companies "offshore" their work like 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 several advantages. South Korea had a large pool of low-wage workers and also had factories that could be used to make shoes. In addition, South Korea had ports for shipping raw materials into the country, and then shipping the finished sneakers out.

By the 1990s, however, wages in South Korea had risen significantly. These rising domestic labor costs resulted in less profit for shoe manufacturing companies. These companies began to move their production offshore just as the American and European companies had done 20 years earlier.

After this move, sneaker production was being done in China, Indonesia, and Vietnam. All three of these countries offered the same advantages that were once found in South Korea. Today, sneakers continue to be produced in East and Southeast Asian countries, however, shoe manufacturers can also be found in India.

Moving Offshore
This map shows how sneaker production has moved over time. In the 1970s, it shifted from the United States and Europe to South Korea, Taiwan, and Japan. By the 1990s, production had moved 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. Each container can carry thousands of pairs of sneakers. This makes shipping containers very efficient for moving goods. These containers can be transferred easily from ships to trains and trucks. By lowering the cost of shipping, containers have become a key factor in globalization.

5. Distributing the Global Sneaker

In 1990, a ship carrying sneakers from South Korea to the United States was hit by a fierce storm. About 80,000 pairs of shoes spilled into the Pacific Ocean. A year later, the shoes were still washing up on American shores. Normally, sneakers have a smoother journey to the United States from Asia. Companies use several methods of transportation to move their shoes from factories to stores.

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 usually takes between two weeks and a month. 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 up to 18,000 20-foot containers.

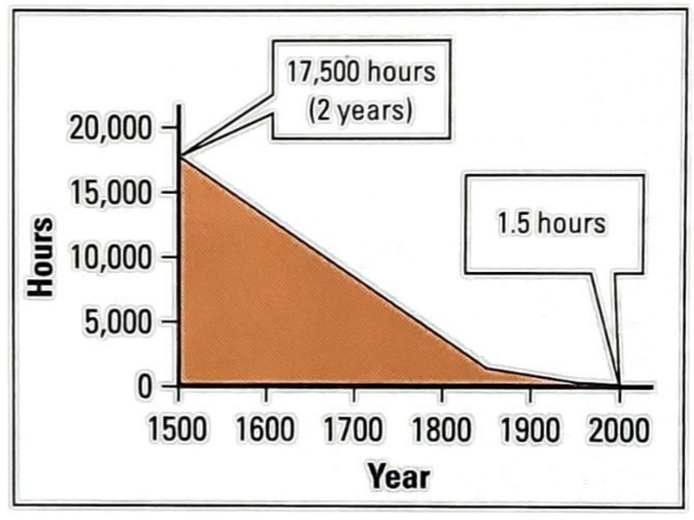
Across the Country by Train and Truck When a ship arrives on the west coast of the United States, the containers are unloaded onto trains or trucks. In some ports, train tracks run right up to the docks to make unloading easier.

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 Memphis warehouses before they are delivered by truck to retail stores around the country. A truck leaving Memphis in the morning can reach approximately 70 percent of the nation's population by the following day.

From the Store to Your Home Sneakers are distributed to tens of thousands of 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 2013, Americans bought about 2.38 billion pairs of shoes. That is roughly seven and a half pairs for every man, woman, and child in the United States that year. Athletic shoe sales totaled more than $17 billion in 2016 —and that doesn't include sales in the rest of the world. Clearly, the global sneaker industry 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, even three, years to circle the globe. Jet planes decreased that time to two days. In the 21st century, a space shuttle can travel the world in less than two hours. As travel time has decreased, our world has seemed to shrink.

Summary

In this lesson, you read about globalization and the worldwide making of sneakers. You learned that free trade plays a major role in the global economy, and read how shoe companies have been transformed into multinational corporations. In addition, you learned that globalization has increased economic interdependence between certain 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 can benefit 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 boosts economic growth in their countries.

Companies that move production offshore do so to keep their costs low. Lower production costs help companies keep prices low as well, benefitting 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 each other want to maintain good relations. In this way, globalization and economic interdependence may diminish conflict among nations, creating a more peaceful world.

A global society also unites the world's people in ways never before possible. It gives us a glimpse into how people live and work in other regions. 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 hurt workers, who lose their jobs, as well as local towns, which suffer from the loss of jobs and business.

The Case Against Globalization Yet increased global trade can bring harm as well as good. Some developing countries lack environmental protection laws. Factories that are set up in these countries often dump **toxic waste** into rivers and streams, and also 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 around $3 for a 12-hour workday. A factory could also hire children, who are paid even less. Factories that abuse workers are called sweatshops. Working conditions in sweatshops are often unsafe and unhealthy.

Globalization can harm 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 cultures. National identity may be weakened when a country is flooded by foreign foods, movies, television shows, fashion, and music. Traditional arts and languages may be lost. Globalization can also cause nations to become dangerously interdependent. A country that depends on another for a crucial trade good, such as oil, may become less self-sufficient. That country may also become involved in wars in order to maintain its supply of resources.

Fast Food in the Philippines
Globalization sometimes kills off local businesses. But some businesses survive by borrowing foreign ideas. Although this fast-food chain restaurant in the Philippines looks like an American chain, it's locally owned. This chain competes successfully with other large fast-food chains worldwide.

The Future of Globalization People often disagree about the impact of globalization. Some people believe that its benefits outweigh its drawbacks. Others think that it does 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 consider it a path out of poverty. These poor countries observed how countries like South Korea and Singapore prospered from global trade. South Korea and Singapore both welcomed foreign companies, and both countries 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 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.