

Student A: Greetings student B. (Delighted) Hey, I have won many medals in the Sports Day but my old sneakers are out of their missions. Could you help me to choose a pair of new running shoes?

Student B: You've picked the right man! Let me pick my dream shoes for you, it costs about \$1000.

Student A: That's great. Let me try. Do you know how these shoes and Economics are linked?

Student B: Production of a pair of shoes involves several production stages by regional division of labour. However, producers from different stages get varied incomes. So, it has been a hot issue concerning the uneven distribution of income caused by globalization.

Student A: Recently I have read an extract released from the Consumer Council showing the distribution of income of a pair of running shoes. For a pair of running shoes which worth \$1010, wages of workers only account for about 2% of it. While production expenses account for 3%, manufacturer profits account for 3%, transportation and customs clearance account for 3%, agents account for 4%, material costs account for 8%, sales tax account for 16%. Wow, brand holders and retailers are getting for the most, they account for about 20% and 38% respectively.

Nike Worker: (Protesting angrily) Stop exploiting us, give us reasonable income! We are protesting against the insane share of return! We have contributed our time, our sweat and in some cases even our lives for your shoes to get nothing!

Nike representatives: We are not charities. You are low-skilled workers from less developed countries. You are paid according to your contribution. However, as a brand holder, our company is responsible for designing, marketing and inventing new shoes which require more advanced skills. Thus, it makes sense for us to earn a higher income. Don't forget that the retailer gain the most out of the others.

Shoes retailer: As a shoe retailer, we import shoes from developing countries at a lower cost. As we run our shops in developed areas, the standard of living is relatively high, so we accordingly charge a higher price so as to gain more profits. Meanwhile, we have to adopt a lot of tactics to promote customers' interest.

Student B: That is a tragic example of income inequality. What could we do?

Student A: One of ways is that the enterprises should bear social responsibility. Although it indeed raises cost of production, it on the other hand get the company recognized positively. Thus the company could have higher reputation and attract people to buy their products.

Fair trade representative: I'm a Fair trade representative. Fair trade is a practice to promote an equity standard about global labors, environment and society. One of our goals is to focus on fair price. We sell fair trade products. The cost of these products includes production costs as well as a just payment for producers. We guarantee that labors from developing countries will be paid at a reasonable level.

Student B: As a customer, we could also give a helping hand by supporting brands which concern **more** about social responsibilities.

Student A: Buying Fair trade products is also a good way to promote income equality. Designated marks are shown on the products that are processed by Fair trade organizations.

How about my shoes?

Student B: Aren't you supporting Fair trade?

Student A: OK, you got me.