

Reading Header: GLOBALIZATION

IMPACTS OF GLOBALIZATION

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**Summary of the article “Shipping Costs Start to Crimp Globalization” by Larry
Rohter (3rd August 2008- New York Times)**

Global supply chain was a factor that Tesla motors (electric powered car pioneers) put into consideration. The initial plans was manufacturing of 1,000 – pound battery packs in Thailand and then ship them to Britain (for installation) and later transport the assembled cars back to the US. However, when it began the production, the company began to make the batteries and assemble the cars near its home base in California to reduce the shipping bills. The major reason was to avoid transportation cost which was extremely high.

The world economy has become so integrated that shoppers find few materials which are made in America. Nevertheless, globalization might be unable to find some of the unalterable economic power it had for much of the past quarter century, just as it goes through fresh challenges as a political dogma.

Cheap oil and other useful products may not be seen soon upsetting the logic of diffuse global supply chains that treat geography as a foot note in the pursuit of lower wages. Rising concern about global warming, the reaction about lost jobs in developed countries, food insecurity, and the collapse of the world trade talks in Geneva also signaled that political and environmental concerns may make the calculus of globalization more complicated. Many economies argue that globalization will not shift into reverse even if oil prices continue to rise. But many see evidence that companies looking to keep prices low will have to move some production closer to consumer. Globe-spanning supply chains impacts less today as compared to a few years back. There is some vicinity effect in that putting industrial units closer to components

merchants and consumers - to reduce transportation costs - could turn out to be resourceful if oil remains expensive.

The prickle in shipping costs arises at a time when there is increased concern on globalization's environmental impact. Many companies have in recent years shifted production from countries with greater energy efficiency and more rigorous standards on carbon emissions, especially in Europe, to those that are friendlier like India and China.

Article analysis

According to Mott, "any credible explanation of globalization must expand all of the fashionable narrow perspectives" (303). He explains that the concept of globalization affects the economic, political, and social perspectives which cannot be ignored. The past history which is then projected into the future must be expounded by globalization. Under the global perspective, time and space are very important. The author continues to argue that globalization has turned people into suffering instead of a smoother era when the world is a global village.

Multinational companies, as can be seen from the article above, go through equal torment posed by globalization. This concept has been named in a variety of ways. Some of its synonyms include internationalization, interdependence, integration, imperialism among others (Mott 304).

In a pure global set up, international companies are the main transporters of globalization in their course of integrating or unifying markets. Nonetheless, globalization has been a terrible tool for economic down turn especially among the

developed countries. Developing economies have been slightly spared but the future may not be promising (Mott 306).

Conclusion

The world today is very skeptical over the recovery pace of the global economy. It is important to employ well defined action plan in addressing globalization impacts linked with the world economic down turn. Regulation of the market structures by governments should not be interpreted to mean state ownership. Classic examples on how the state can exercise control without taking over has been seen to work in the past not just in the U.S but also in other countries.



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Work Cited

Mott William, H. Globalization: people, perspectives, and progress. 4th ed. Westport
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