

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)**

The global chain of supply was the main concern of Tesla motors even as it engineered to explore American markets. Major development plans for this electric powered cars company was to set up a battery manufacturing plant in Thailand and later transport them to Britain. After the cars were completely assembled, they were to be taken back to the United States. However, when it initiated 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 on the losing end to dominate economic power as has been the case in the last twenty five years. This is the reality even as it faces new challenges as a political entity.

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.

Industries which had world wide chains of supply to their products and services are not making good returns compared to a few decades ago. The local market has been dominated more by locating factories within the immediate reach of potential suppliers and consumers. This has been undertaken to reduce the rising cost of transportation.

The rising cost of shipping has emerged at a time when the debate on the effects of globalization is rife. 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.

### **Analysis of the article**

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.

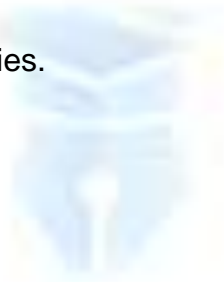
Multinational companies, as can be seen from the article above, go through equal torment posed by globalization. The concept of globalization has been addressed in a variety of ways by different stakeholders in the world economy. Some of its synonyms include internationalization, interdependence, integration, 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. Urgent and new strategies need to be developed to deal decisively with the emerging and growing challenges of globalization associated with the world d 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 W.H. Globalization: people, perspectives, and progress. 4<sup>th</sup> ed. Westport USA.  
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