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# Globalization stalls as fuel costs negate cheap labor

**By Larry Rohter**

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The world economy has become so integrated that shoppers find relatively few T-shirts and sneakers in Wal-Mart and Target carrying a "Made in the USA" label.

But globalization may be losing some of the inexorable economic power it had for much of the past quarter-century, even as it faces fresh challenges as a political ideology.

Cheap oil, the lubricant of quick, inexpensive transportation links across the world, may not return anytime soon, upsetting the logic of diffuse global supply chains that treat geography as a footnote in the pursuit of lower wages.

Rising concern about global warming, the reaction against lost jobs in rich countries, worries about food safety and security, and the collapse of world trade talks in Geneva last week also signal that political and environmental concerns may make the calculus of globalization far more complex.

"If we think about the Wal-Mart model, it is incredibly fuel-intensive at every stage, and at every one of those stages we are now seeing an inflation of the costs for boats, trucks, cars," said Naomi Klein, the author of "The Shock Doctrine: The Rise of Disaster Capitalism."

"That is necessarily leading to a rethinking of this emissions-intensive model, whether the increased interest in growing foods locally, producing locally or shopping locally, and I think that's great."

## **Supply chains shrinking**

Many economists argue that globalization will not shift into reverse even if oil prices continue their rising trend.

But many see evidence that companies looking to keep prices low will have to move some production closer to consumers.

Globe-spanning supply chains — Brazilian iron ore turned into Chinese steel used to make washing machines shipped to Long Beach, Calif., then trucked to appliance stores in Chicago — make less sense today than they did a few years ago.

To avoid having to ship all its products from abroad, the Swedish furniture manufacturer Ikea opened its first factory in the United States in May.

Some electronics companies that left Mexico in recent years for the lower wages in China are now returning to Mexico, because they can lower costs by trucking their output overland to American consumers.

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