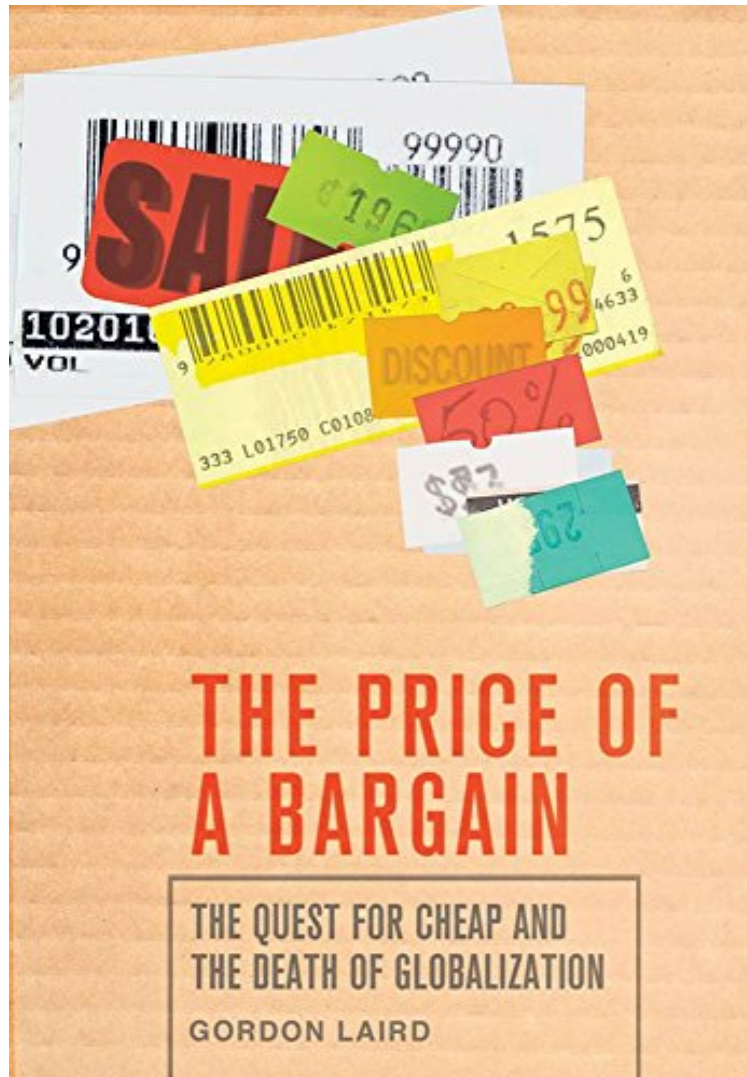


(Pdf free) The Price of a Bargain: The Quest for Cheap and the Death of Globalization

The Price of a Bargain: The Quest for Cheap and the Death of Globalization

Gordon Laird

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Gordon Laird : The Price of a Bargain: The Quest for Cheap and the Death of Globalization before purchasing it in order to gauge whether or not it would be worth my time, and all praised The Price of a Bargain: The Quest for Cheap and the Death of Globalization:

1 of 1 people found the following review helpful. Excellent exploration of a complex and important subject! By Customer The Price of a Bargain goes deep into a subject many people probably don't think anything about. Most people probably think that a bargain is always a good thing, but as Laird points out with great detail and well researched reporting, a bargain may not always be good for everyone. The rise of globalization, big box stores like Wal-Mart and Home Depot, and the interdependence of the global supply-chain have all made the world very

unstable. All of these recent developments depend on cheap energy supplies to fuel the container ships that drive the globalized delivery system. They also rely on a huge supply of cheap labor. With the rise of oil prices around the world and the rising wages of Chinese workers, both of these defining assumptions are coming to an end and the implications for a consumer driven world may be catastrophic. Laird's approach is sometimes long-winded, but he focuses on the true price of a bargain by coming at the issue from many different angles. In the end, *The Price of a Bargain* makes a convincing case that in today's economy, we are not actually paying the true cost of what we buy. Pollution, climate change, health issues, labor unrest - all of these costs are not being reflected in the price we pay for flat-panel TV's, plastic toys, and cheap clothing shipped to us from the other side of the world. *The Price of a Bargain* is a wake-up call. I highly recommend you heed the buzzer and not just hit the snooze button as we have been doing for so long.

In this book, Laird traces the bargain - that touchstone of American culture - from its humble dollar-store origins to its recent role as global juggernaut. Along the way, he discovers that much of today's collapsing consumer economy is dangerously dependant upon unsustainable labor, transport, resources, trade imbalances, and consumer debt. Through interviews with everyone from box store executives to illegal immigrants, a single question emerges: Is the Wal-Mart culture sustainable on a global level? From Asia's factory borderlands to rural Mexico, from Las Vegas to the Arctic Circle, Laird explores the hidden revolution of discounting, and the promise and consequence of everyday low prices.

A Globe and Mail Notable Book "In a masterful blend of facts and metaphors, Laird tells a story of bargain retailing that is interesting in its own right. . . . evocative . . . Laird lays bare the cost of those bargains in compelling detail." - Globe and Mail "Gordon Laird is a reporter of rare skill and extraordinary thoughtfulness, and he has fixed his keen eye on one of the most crucial questions of this young, tumultuous century: the true cost of things." - Chris Turner, author of *The Geography of Hope* "Gritty and entertaining . . ." - Andrew Nikiforuk, author of *Tar Sands* "An alarm call, but not alarmist." - Kirkus "In grab-you-by-the-lapels stories, Laird tells you the real cost of your got-it-for-nothing storegasm." - Greg Palast, investigative journalist and author of the New York Times bestsellers *Armed Madhouse* and *The Best Democracy Money Can Buy* "Thorough, informed and relevant . . . Neither shrill nor self-absolving, Laird quietly questions where we've been and where we're headed." - Halifax Chronicle-Herald "[Laird] plots a direct line from our bargain-hungry hands to disasters such as Alberta's tar sands, human-rights abuses in China and our hollowed-out economy." - Canadian Geographic From the Hardcover edition. About the Author Gordon Laird is the bestselling author of *Power and Slumming It at the Rodeo*, and the winner of several National Magazine Awards. His writing and commentary have been featured on CNN, National Public Radio, and CBC Radio and Television, and in *Mother Jones*, *Maclean's*, and more. He lives in Calgary. From the Hardcover edition. Excerpt. copy; Reprinted by permission. All rights reserved. INTRODUCTION: BLACK FRIDAY, 2008 They emerged from the darkness and gathered like pilgrims, lining up beneath floodlights in the parking lot. Well before midnight, the first shoppers had already settled into chairs and under blankets for the long, cold vigil that was being staged outside nearly every major discount outlet across America. But only one mall would be remembered in the years to come. By 1:00 a.m., hundreds had gathered in front of the Wal-Mart at Long Island's Green Acres Mall. All were there with a singular purpose. They had come for \$9 dvds and \$5 Hannah Montana dolls that Wal-Mart had advertised in local flyers; others wanted the \$25 microwaves and, most of all, 42-inch LCD televisions that had been marked down to \$598. Everyone had a game plan for the store's 5:00 a.m. opening, because when big-box stores open on the first Friday after American Thanksgiving, shopping becomes a competitive sport. Above the crowd of shoppers, in five-foot-high letters, was the promise emblazoned on nearly every Wal-Mart in the world: Satisfaction Guaranteed. As in previous years, most retailers opened for only a brief period during the early morning and offered only limited supplies of aggressively discounted products, so shoppers had come to expect lineups. This morning was different. As Nakea Augustine recounted, when she arrived at Green Acres Mall at 2:00 a.m., the line was already two thousand people long. Having studied Wal-Mart's flyer, she was keen on the Hot Wheels Barbie Jeep advertised at more than 50 percent off. As she and a friend discussed shopping strategy, there was a violent surge from behind. "It got scary out of nowhere," says Augustine. "The crowd in the back just pushed." Someone grabbed her pocketbook off her shoulder, ripping her coat open. Others were punched and pushed to the ground; scuffles broke out. Above the growing melee, someone had posted a handwritten sign: Blitz Line Starts Here. As the rowdy crowd counted down to five o'clock, the fights and pushing continued. Some shoppers, already injured, left the scene. There were broken arms, bruises, and head injuries. Inside, the eight security guards assigned to the front door began to worry. On that morning of November 28, 2008, bargain-hungry crowds were staring down guards and doormen across America. Gunshots were fired at a Toys "R" Us store in Palm Desert, California, and two people were killed. Reports of fighting, damaged property, and vandalism filtered through the news. "They're more aggressive," one seasoned Wal-Mart shopper told the New York

Times. "I've never seen anybody fight like this. This is crazy." Facing a potentially bottomless recession, record numbers of shoppers turned out at ungodly early hours to save a few dollars on Christmas toys for their kids, stock up on necessities, or score a luxury television or stereo before things got worse. In the end, an estimated 172 million people — just over half of North America's total population — would go shopping that Black Friday weekend. From Long Island, Queens, and Brooklyn, the locals who converged on the Green Acres Mall had plenty of their own worries. The regional economy had been shedding jobs and struggling with slow growth for the better part of a decade. Clusters of big-box stores, supercentres, and strip malls had grown while traditional manufacturing withered and housing values dropped. Consequently, Long Island boasted some of New York State's top foreclosure rates in 2007, notably affecting visible-minority residents. Only a few weeks before Black Friday 2008, Long Island had proclaimed itself to be officially in recession. If people had any chance of maintaining their standard of living and enjoying the consumer riches they had become accustomed to during the holiday season, they would need bargains — and lots of them. Retailers did not disappoint. With offers of up to 70 percent off — virtually giving products away in a calculated effort to bring in traffic — Black Friday 2008 marked the very pinnacle of discounting, one of the greatest consumer payoffs of all time. "Five, four, three, two, one!" Beneath the blue and white Wal-Mart sign at Green Acres, the entrance doors opened a crack. The crowd surged forward with a force that knocked one of the doors off its hinges. One security guard used it as a shield against the torrent of people that streamed into the store. The door crumpled, its glass smashed, and people and workers began to fall inside Wal-Mart's foyer as more than two thousand manic shoppers rushed in. There were screams and panic as people poured over several fallen shoppers, security guards, and broken glass. Eyewitnesses in the crowd would later recall that security guard Jdimytai Damour, thirty-four, was one of the first ones trampled to the floor. The temp worker had been recruited for door duty on Black Friday, along with several other workers who were employed by a service contractor that Wal-Mart had outsourced. Damour had already been working at the store for about a week in maintenance; like most others on duty that morning, he had no training in security or crowd control. He was built like a linebacker — six-foot-five, 270 pounds — but when the doors opened, he was quickly overrun after attempting to push people back. He had been protecting a young woman, Leana Lockley, who had also fallen. "I was screaming that I was pregnant, I am sure he heard that. . . . He was trying to block the people from pushing me down to the ground and trampling me," the nursing student recounted. "Mr. Damour was to the right of me, he was on his knees. I could look at him eye to eye, and he was trying to push them back, and the crowd pushed him down, and he fell on top of me." Lockley was pulled to safety by her husband. Damour did not get up as more shoppers streamed over him. Other witnesses reported that he was gasping for air as people stampeded forward. Incoming crowds stepped on and knocked against police as they attempted to perform CPR on an unresponsive Damour. By the time paramedics arrived on the scene, most of the first wave of shoppers had passed through the entrance and filled the store. Inside, shoppers guarded the televisions; others swarmed the toy section. Damour died on the concrete floor between two vending machines, just inside Wal-Mart's entrance and only a few feet from where the greeters usually stand. While a small crowd had gathered around the horrible scene, many continued to shop. The store itself did not close until well after the paramedics had given up their attempts to revive Damour and police had begun to investigate the circumstances of his death. Nassau Police later described it as "utter chaos" and estimated that Damour had been "literally stepped on by dozens, if not a hundred, people." Damour's co-workers stood and said a prayer for him. A full two hours after the opening rush, and an hour after Damour had been declared dead, shoppers were told that there had been a fatality and that the store was closing. Many refused to leave. One witness told the New York Daily News that shoppers acted like "savages." "When they were saying they had to leave, that an employee got killed, people were yelling, 'I've been in line since Friday morning!'" said Kimberly Cribbs. "They kept shopping." Four shoppers were also injured; Wal-Mart would later pay nearly \$2 million in damages. "They took the doors off the hinges," said Wal-Mart worker Jimmy Overby, still in shock. "He was trampled and killed in front of me. . . . I didn't know if I was going to live through it. I literally had to fight people off my back." For better and for worse, ours is the age of the bargaineers — the engineers of bargains — whose factories extend from rice paddies to suburban basements everywhere. Each year we are drawn to their doors by the millions. And if it's not Wal-Mart that reels us in, then it's its big-box brethren — Costco, Home Depot, Best Buy, Ikea, Tesco — or smaller fish like the local dollar store. There are never single, isolated bargains. Most of us stalk value on a serial basis, sometimes in full contravention of common sense. Row upon row, aisle upon aisle, this realm of affordability, selection, and discount is a dominant force in today's world. From family-owned discount stores to the world's largest company, it's all there: your next iPod, laptop, snack food, and the stuffed animal you take to a sick relative in hospital. This is you, even before you know it. And all of it is priced to sell. Nearly everything from clothing to electronics has miraculously decreased in price since the early 1990s. And if you're not getting it cheaper, then you've probably gained on quantity or quality, the outcome of a global economy that's been on rollback for the past two decades. When we buy at our local dollar store or big-box mall, we embrace revolution: the most advanced logistics, marketing, and manufacturing network ever invented. At one time our most expensive commodities — oil, diamonds, metals — were the core business of the planet's largest and most powerful corporations. Now snack

food, paper goods, and pet supplies are the world's best-selling products and have been the unlikely building blocks of globalization since the 1990s. By 2008 Wal-Mart's \$405 billion in annual revenue surpassed the gross domestic product of Saudi Arabia, underlining the degree to which affordable consumerism has come to dominate global trade. It's all part of a global shopping marathon that helped turn the world's developed nations into consumer economies. By the time Wal-Mart became the world's largest company in 2002, consumer spending comprised roughly 70 percent of all employment and economic activity within developed nations. Economists call this the service economy, and it is anchored largely by economic activity in finance, technology, and retail and wholesale trade, as well as all the other non-manufacturing business in media, entertainment, airlines, hotels, and restaurants. Personal savings were all but eliminated in the process, and by 2006 the average American household spent more than it earned; the lowest savings rate in seventy-three years, equalled only during the Great Depression, when nearly one in four adults were unemployed. Unlike the Great Depression, the erosion of household fortunes and the massive accumulation of personal debt weren't merely a symptom of economic crisis but an integral part of growth itself. In this economy, one dominated by retailers, financial services, and offshore manufacture, the overextension of shoppers fuelled broad-based prosperity; not just in America but around the world. Leveraged on inflated housing prices and generous credit card limits, this unprecedented bonanza of consumer liquidity hit like a gusher of oil. As shipping traffic and trade deficits boomed, American retail spending increased 43 percent per capita between 1992 and 2005. Other Western nations followed suit with service-dominated economies that long ago eclipsed traditional industry and agriculture; including Canada, which saw a 50 percent increase in retail sales between 1994 and 2007. Americans haven't been the only ones spending their way to prosperity: during the early 2000s, countries such as Italy, Britain, Canada, and France actually outpaced the United States in growth of consumer debt. The shift from production to consumption during the late twentieth century represents a transformation in consumerism, trade, and society not seen in several generations. Where Henry Ford changed history with the invention of the assembly line in 1913, the quest for cheap reworked everything from global commerce to local economies in order to squeeze out untapped resources and savings. The global financial crisis of 2008 was the first large-scale acknowledgement that unsustainable consumer debt lies at the core of Western economies. And with empty malls and bankrupt retailers piling up at the end of the millennium's first decade, it's clear that, in an age of climate change and energy anxiety, consumers themselves are a diminishing resource. The thronging crowds on Black Friday didn't save the economy, because relatively few returned to keep shopping. After they posted the weakest holiday sales in more than forty years, big-box stalwarts such as Linens 'n Things and Circuit City were brought down by bankruptcies in 2008, and double-digit sales declines and profit losses continued to erode businesses and governments worldwide. By the end of 2008, the wave of retail store closures across the United States had reached 6,100, according to the International Council of Shopping Centers (icsc), with a fifth of all enclosed malls already failing. By early 2009 Newsweek reported that an estimated 150,000 retail outlets were expected to close. Only Wal-Mart, and a few other discounters and dollar-store chains, managed improved growth as conditions deteriorated. This is about more than just big-box anarchy on Black Friday. After the wild-eyed hordes had hauled off their Samsung tvs, after the garbage, blood, and glass were cleaned up, and after all the recrimination and blame for the senseless death of Jdimytai Damour had passed, certain facts remained. First, the golden age of affordable consumerism was short and poignant in its brilliance. We will very likely never shop this hard again. And second, our whole system of cheap, from shipping to consumer credit, is leveraged in ways we are only just beginning to understand; and broken in ways that may not be easily fixed. The glorious thing about the previous decade was that we rarely had to think too hard about where our stuff came from. It just arrived, and stores became bigger, prices decreased, and the depth and selection of goods increased. Banks and credit card companies made it easy to buy more. Developing nations like China supplied abundant labour. Why question a good thing? In hindsight, it appears that globalization itself had become entangled in growth cycles that turned out to be too good to be true. Our bargain-addicted consumer economy is dangerously leveraged on a series of innovations and inventions not built to last. Specifically, the fundamentals of growth; cheap credit, offshore labour, affordable energy, and transport; will be depleted or become unavailable during the twenty-first century. This web of interdependence will not unravel itself gracefully: there is no going back to normal, no rewind or reboot on global trade. Lack of access to affordable petrochemicals and fossil fuels, for example, could progressively disable whole segments of our economy. Offshore labour, available credit, and affordable transport are massive productivity and income subsidies that most consumers unwittingly depend upon. Factors such as climate change and chronic poverty impose additional threats to our supply chains, since globalized trade requires stability, not hurricanes and food riots. The global debt and financial crisis that closed the first decade of the new millennium is just one aspect of the new era. It's not just about markets anymore. To grasp what will shape economies, nations, and communities in the years to come, we must look beyond the analysis and assumptions of the financial leaders who failed to accurately predict or protect against the biggest and most damaging crisis of our time. We have to look at the world not as a growth and wealth machine governed by orderly business cycles, but as something that performs and responds more like a stressed ecosystem, something full of non-linear change that requires stewardship and attention. Bargaineering multiplied prosperity, but our deep dependence on this system

has also multiplied negative impacts, costs, and risk. What we are discovering is that globalization itself is more vulnerable than many have argued. And if the rich tide of globalization fails, as attractive to its many opponents as this might be, there is still surprisingly little ready to fill its place. It's easy to complain about Wal-Mart and its kin, but much harder to find anyone who doesn't depend on or benefit from their global networks. The world's largest companies depend on cheap. You depend on cheap. Hundreds of millions of people around the world, rich and poor, are part of this web. And for now, goods trade still drives globalization: it has a global value of \$13.6 trillion, more than four times larger than that of services such as finance, software, and travel. And because of this optimized, just-in-time web of production, a growing portion of our world continues to be disproportionately vulnerable to long-term scarcities of petroleum, plastic, labour, and other resources. The quest for cheap has already consumed much of our easiest and richest gains in energy, transport, and manufacturing. Instead of local, sustainable production, a surprising amount of our ingenuity and capital is still being reinvested in carbon-intensive transport networks and unconventional forms of crude oil extraction, as well as subsidizing market failure including trillions in bailouts and damage control for failed financial institutions around the world. And from the tar sands of northern Alberta to the borderlands of Arizona to the factory zones of mainland China and beyond, there is unrest: in lieu of governments and business, citizens and non-profits are taking bold steps to confront neglected aspects of our social, economic, and environmental future. Navigating the future therefore won't be as easy as some might think. "Recovery" and "return to growth" in the wake of world recession may be wishful thinking, since the decades of easy growth are well behind us; billions spent on stimulus programs since 2008 will not bring back the prosperity of recent decades. Instead there will very likely be fewer Wal-Marts in the face of long-term economic contraction, and only a small portion of manufacturing and service jobs previously lost to offshoring and outsourcing will return. Inflation will once again become chronic: we will pay more for gasoline, shipping, food, and everything else that has a cost structure tied to energy. Conservation and efficiency will begin to drive politics and culture. Commerce will fracture into a series of sub-markets dominated by major discounters as the ability to freely spend diminishes. Likewise, economies dependent on consumer spending will experience greater volatility, and many nations will turn protectionist as the plenitude created by global trade erodes; but the reality is that in many Western economies there is surprisingly little productive capacity left to protect. Even global security will be affected as trade ties falter, national agendas diverge, and Pax Americana fades into history. It could be the death of globalization as we know it, and its passing would deprive us of its many flawed benefits while bequeathing a global legacy of unresolved problems. Domestic job losses and the destruction of local commerce; common complaints against the big-box revolution; may prove to be the least of our worries. Rapid deglobalization could result in failed states, growth in poverty, and the rise of far-right nativist movements, as well as decreased co-operation on reducing greenhouse gas emissions. A world that spends heavily on cheap; burning through resources and consumer credit in pursuit of illusory growth; has become unsustainable, yet globalization without an exit strategy could be even more problematic. There will be unexpected progress and collapse, new kinds of risk and new kinds of reward. There will be new kinds of change. Most of all, when cheap fails us, we will have to invent a new status quo, one that more accurately reflects the true cost of things. Our future depends on it. Until recently the dominant vision of progress in today's world was rapid growth, cheap products, and shoppers flush with high credit limits; basically the global economic bubble of the 1990s and early 2000s, except forever. It was so successful it didn't even seem like gambling. Like a blackjack player on a winning streak, we mistakenly assumed that we could have it all. That attitude was reinforced by many business and political leaders who promoted self-regulating markets and the kind of high-stakes economics that often saw little need for addressing climate change, global underdevelopment, or the impact of unsustainable growth. Even as some of our systems have begun to fail, many are still gambling on this dream, which now resembles a modern-day cargo cult: plenitude without consequences. From the Hardcover edition.