

Goods Across the World

By Bridgette Byrd O'Connor

Have you ever thought about how many different nations contribute to your cellphone or cup of coffee? What global resources make it possible for you to post photos on social media? These everyday luxuries are fueled by increasing globalization.

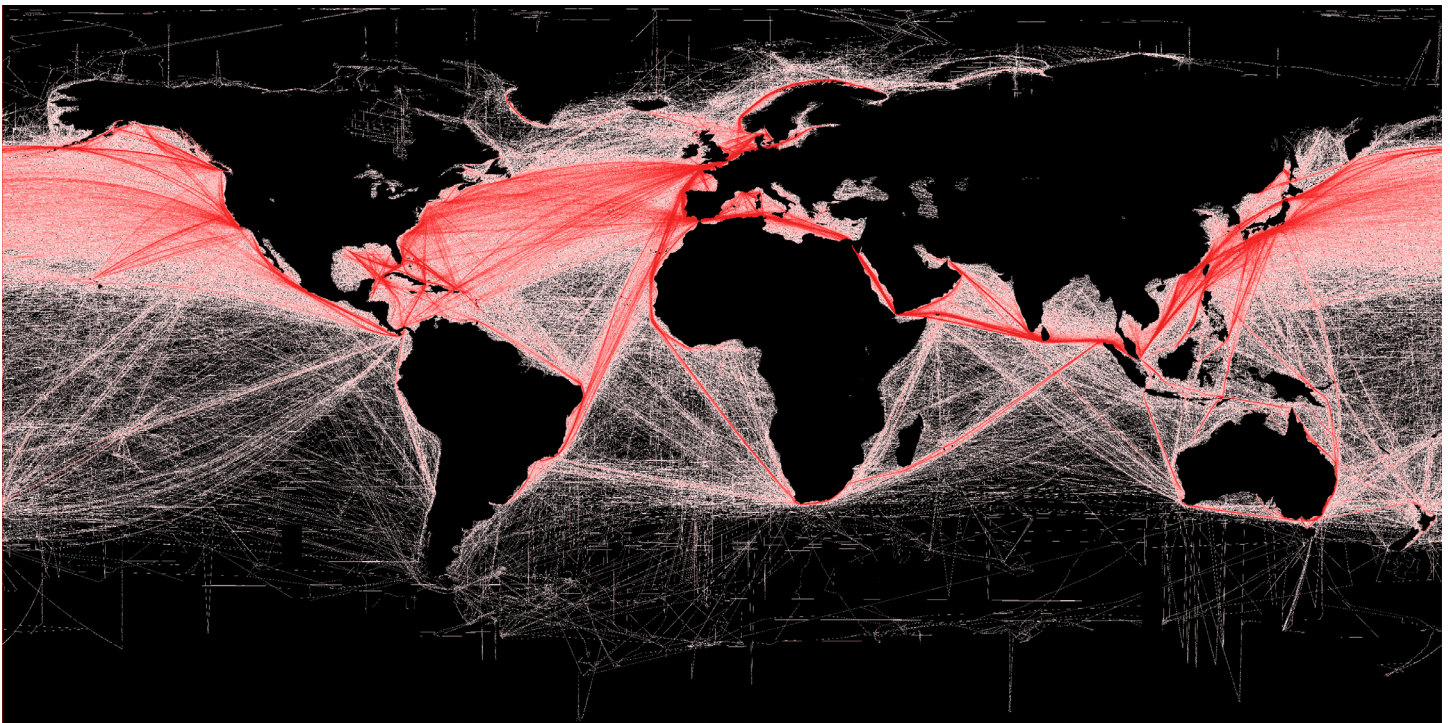
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Introduction

How many different nations and workers does it take for you to be able to buy a cup of coffee in the morning? How many does it take to make your smartphone? Do the companies that produce these products have high labor standards? Or are there hidden downsides to that coffee or phone?

Thus far, you learned how the world has become more interconnected. Transportation, communication, and access to skilled labor have improved tremendously. In addition, the ways in which goods are produced and distributed has changed enormously. This includes everything from something as simple as a cup of coffee to something as complex as your smartphone. There are now hundreds and even thousands of people involved in making and delivering the products you use every day.



Global commercial shipping density in 2010, by Grolltech. By B.S. Halpern, CC BY-SA 3.0.

Today, Asia is at the center of global production. This was not always the case. During the early years of the Industrial Revolution, Britain and the North Atlantic zone were the main centers of manufacturing for the whole world. But since the late twentieth century, this role has shifted to Asia, and in particular to China.

This shift in the production and distribution of goods has hurt some nations while benefiting others. Companies moved production to nations with cheaper labor and fewer rules. As a result, the United States has seen its manufacturing jobs fade away. However, there has been an increase in service industry jobs in such fields as health care, advertising, and tourism services. This means that the American unemployment rate has not necessarily increased. New service industry jobs have been created to replace many of the manufacturing jobs that were lost.

Apple's iPhone

Over the past 10 years, the Apple iPhone has been one of the world's most desired items. Apple, an American company, has sold more than 1 billion phones worldwide. So, it makes sense to look at how the iPhone is produced and distributed.



[Foxconn factory](#), Zhengzhou, China. By [iphonedigital](#), public domain.

Apple makes about half of its phones in Zhengzhou, China. But the parts for the phone come from more than 700 different suppliers and about 30 different countries. Foxconn, a company based in Taiwan, owns and operates the Chinese manufacturing facility in Zhengzhou. The factory has around 350,000 workers. Most make only about \$300 a month.

However, low labor costs are not the only reason Apple chooses to make almost all of its products overseas. One of the main reasons is that the United States' workforce does not have the necessary skills. China has focused on training workers to meet the needs of manufacturers. Meanwhile, the United States has become much less focused on training people for factory work.

"There's a confusion about China...the popular conception is that companies come to China because of low labor costs... China stopped being the low labor-cost country many years ago and that is not the reason to come to China from a supply point of view...the reason is because of the skill...and the quantity of skill in one location...The products we do require really advanced tooling. And the precision that you have to have in tooling and working with the materials that we do are state-of-the-art. And the tooling skill is very deep here. In the U.S. you could have a meeting of tooling engineers and I'm not sure we could fill the room. In China you could fill multiple football fields" (Tim Cook, Apple CEO).

In response to the shift in manufacturing to China, Apple has established a Supplier Responsibility Program (SRP). This program is intended to ensure that all of its foreign suppliers are paying a living wage.¹ It also ensures working conditions meet Apple's standards. Still, the company has come under fire for continued problems at some factories. It has also been criticized for problems at the African mines that supply the necessary materials for its iPhones. Some of the minerals that are mined and used in the iPhone batteries are considered conflict minerals. This label means that the minerals are sourced in areas that are in the middle of civil wars. So, the funds used to purchase these minerals are often also funding these wars.



Artisan mining in the Democratic Republic of Congo. By Julien Harneis, CC BY-SA 2.0.

The workers at the Zhengzhou plant produce a huge number of phones—about 500,000 per day. There are so many workers involved, that a city has formed around the factory. This city provides workers with housing and services. Therefore, it's not just the factory workers who depend on Apple for their livelihoods. So do the thousands of people who moved to the area to provide food, housing, and other necessary services to the workers. In addition, many others around the world also depend on Apple. This includes everyone from the people who supply the raw materials, to the people who ship the phones or sell them in stores.

¹ A living wage is a wage that is high enough for a worker to buy what they need to have a decent standard of living.

Starbucks coffee

Starbucks has grown enormously over the past few decades. The company now has 28,209 locations in 76 countries. As it has grown in popularity, there has been an increasing focus on its business practices. Critics have called on the company to be more ethical—that is, more fair and responsible. They say Starbucks must ensure that the farmworkers who harvest the coffee beans are not mistreated and that the company's practices do not damage the environment. Starbucks has listened to its critics. It has attempted to make sure that all of its coffee is ethically sourced, produced, and distributed.

Starbucks has worked with coffee growers in Latin America, Asia, and Africa to ensure that the coffee beans it purchases are ethically sourced. But how much does Starbucks really know about the practices at local farms? In August 2018, for example, some suppliers in Brazil were accused of employing forced labor and children on their farms.

Starbucks claims that 99 percent of its beans have been certified as ethically sourced. But not all are certified as Fairtrade, which many consider to be the highest standard. There are many different organizations that monitor the practices of coffee producers. Some only require that the coffee farmers be 30 percent compliant.² This allows some coffee farmers to get away with using poor environmental and labor practices.

Starbucks has also had problems within the United States. In 2018, a Starbucks store manager called the police on two African American men at one of its stores in Philadelphia. The men were simply waiting for a business partner to arrive. After the incident, Starbucks closed 8,000 of its stores to provide retraining for its employees. Supporters say this shows the company is committed to fighting racism. Critics claim the company only acted to prevent its brand and profits from taking a hit.³

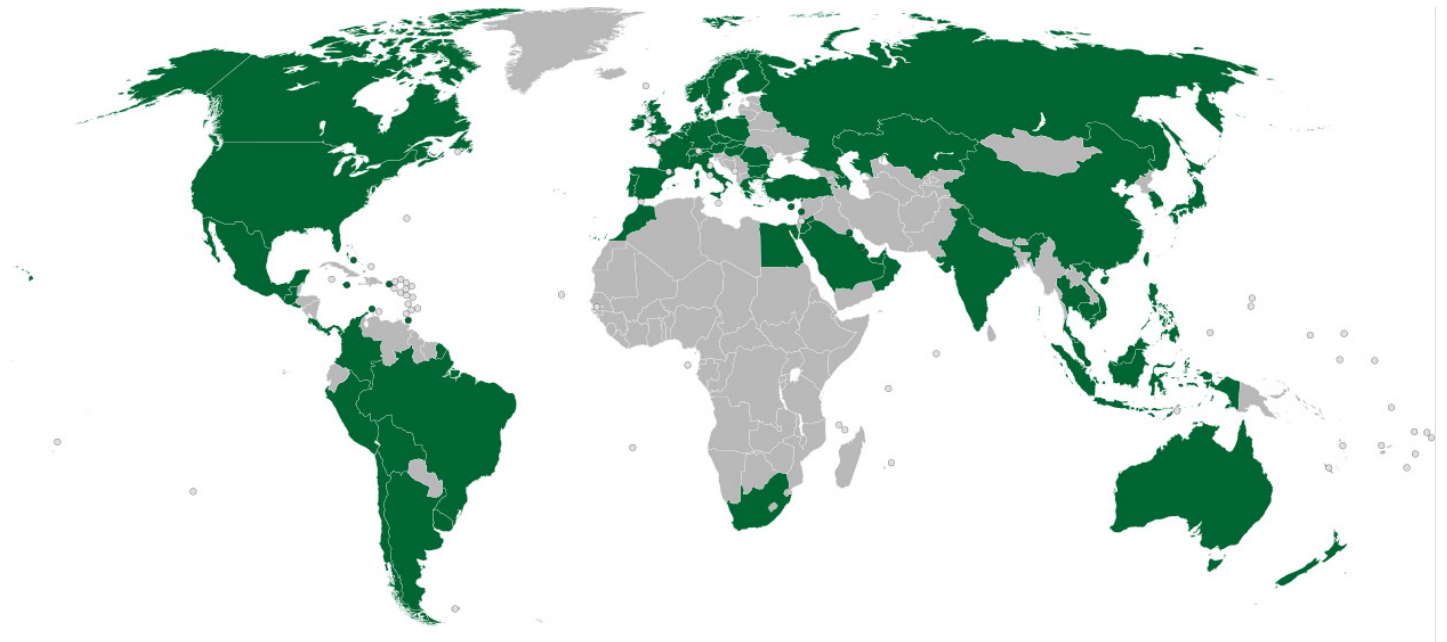
Starbucks has responded to its critics by creating programs that promote ethical sourcing, labor reforms, and diversity. The company created the Global Farmer Fund to encourage production at minority-owned farms. It supports equal pay for men and women. They have also committed to hiring more veterans and refugees. These are steps toward supporting those who have been historically underserved.



Brazilian coffee farmer, 2008. By USAID, public domain.

² Being compliant means making the necessary changes to meet certain standards.

³ "Taking a hit" refers to companies losing money or causing damage to their brand.



[Map of Starbucks locations around the world.](#) By Hecki, CC BY-SA 3.0.

When it comes to environmental issues, Starbucks has pledged to create more eco-friendly stores. For example, it has attempted to increase the percentage of recyclable materials in its coffee cups. It has also pushed recycling in its stores. But these efforts are still relatively small. They are outweighed by the huge number of coffee cups and straws thrown away every single day.

Both Starbucks and Apple charge more than most other providers of the same goods. However, people are still willing to pay the higher prices. Until sales begin to drop, these companies will continue to produce goods in the same way. But customers do have the power to push for change.

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Bridgette Byrd O'Connor holds a DPhil in history from the University of Oxford and has taught Big History, World History, and AP U.S. Government and Politics for the past ten years at the high school level. In addition, she has been a freelance writer and editor for the Big History Project and the Crash Course World History and U.S. History curriculums.

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