

Book Reviews

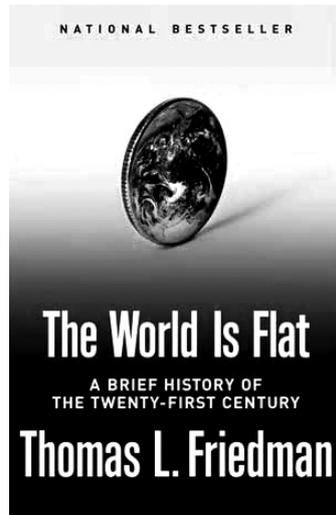
While You Were Asleep

Andrew McIntyre
reviews

The World Is Flat: A Brief History of the Twenty-first Century
by Thomas L. Friedman
(Farrar, Straus and Giroux, NY,
2005, 488 pages)

As part from his columns in *The New York Times*, Thomas L. Friedman is particularly known for his redefining the nature of modern globalization in the book *The Lexus and the Olive Tree*. In this new and startling book, he shows us just how fast globalization is moving, thanks to the Internet revolution.

Reading the book is at the same time exciting and somewhat daunting. We are all quite familiar with the impact of computers, but with the rise of the Internet, the diffusion of the Windows operating system, the establishment of global fibre-optic networks, and the creation of interoperable software applications, most of us do not quite realize to what extent these innovations make it easy for people from anywhere in the world, not simply to communicate, but to work alongside us. Forget the physical immigration of highly trained workers. As Friedman points out, they appear to be in the office next door, but in fact can now stay, for one major example, in India close to their families and still eat curry and rice. This book reveals to us the extent to which this is happening and the profound effects that these innovations are having on both the



non-Western world and, subsequently, ourselves.

Just to warm the reader up, digest this. In 2003, around 25,000 individual tax returns were outsourced from US tax accountancies to India. In 2004, the number was 100,000. By 2005, according to Friedman, it will be around 400,000. In India, there are 70,000 new accounting graduates coming out each year with starting salaries at around \$100 per week. Already there a quarter of a million Indians working in telephone call centres, servicing calls from all over the world, solving enquiries about your bills, booking tickets for the latest show in your town, helping travellers with lost baggage at airports. They are the pick of the local crop in educational attainment, with an excellent command of English. Want a personal remote executive assistant for some overnight research and to rustle up a PowerPoint presentation for tomorrow? You can get it in India from a pool of Indian

college graduates. There are 89,000 MBAs produced each year, and a total of 2.5 million fresh university graduates. This pool of talent can access the globe instantaneously and sell their intellectual wares and talents. Physical distance is now irrelevant and we have, according to Friedman, created the ultimate level playing field. The world is flat, he declares.

Broadly, Friedman argues for three stages of globalization. Globalization 1.0 lasted from 1492—when Columbus set sail from the Old to the New world—until around 1800. It shrank the world from a large size to a medium size. It was about countries and muscles; how much horsepower, wind power or later, steam power a country had and how it could develop it. The second great era, Globalization 2.0, lasted roughly from 1800 to 2000, shrinking the world from a 'medium size' to small. The key agents of change were multinational companies. These went global for markets and labour; in the first half fuelled by falling transportation costs and in the second half by a fall in communications costs. This was the birth of a truly global economy. Friedman reminds us that when Bill Clinton was elected President in 1992, virtually no-one outside of government and the academy had e-mail. Globalization 3.0 is a whole new era when the world went from a small size to a tiny size, its unique character being in a new-found power for individuals to collaborate and compete globally. The new lever was not horsepower or hardware, but software and global fibre-optics. This allows new players from non-Western

countries to get in and ‘plug and play’. Friedman explains,

I was in Bangalore, India, the Silicon Valley of India, when I realized that the world was flat. After 60 hours of interviews with Indian entrepreneurs who wanted to write my software from Bangalore, do my taxes from Bangalore, trace my lost luggage from Bangalore, read my X-rays from Bangalore, and draw my Disney cartoons from Bangalore, I realized that something big had happened—that the world had been flattened—and I needed to write about it.

The author discusses in some detail the power of new technology to create ‘just in time’ manufacturing, ordering and stocking. WalMart in America is the biggest retailer in the world, and for those readers who have only a vague idea of what it is about, the detail and the extent of efficiency gains is truly mind-boggling. Just two facts on Walmart: the central distribution centre in Bentonville, Arkansas, at 120,000 square metres, has more than 20 kilometres of computer-guided conveyor belts, sorting and distributing 2.3 billion general merchandise cartons a year down its supply chain into stores. If it were considered to be an individ-

ual economy, it would rank as China’s eighth largest trading partner, ahead of Russia, Australia and Canada.

Friedman tells the detailed story of his own order for a personalized Dell computer, from the initial phone order to the gathering of parts sourced from a huge number of countries from every part of the globe, assembled in Kuala Lumpur and shipped to the US along with 110 tonnes of other computers in a once-a-week chartered 747 from China Air. His was one of 140,000–150,000 computers sold by Dell every day. Whilst this sort of ‘just in time’ organization is in itself some sort of tour de force, it is only possible in a flat world. He goes on to theorize that no two countries who are both links in this dynamic, profitable, wealth- and job-creating global supply chain can henceforth begin to think about going to war. The cost would simply be too high. He coins this his ‘Dell Theory for Conflict Prevention’. He gives a case study of India and Pakistan, with their recent war of words over border territory and threat of nuclear escalation. The IT industry in India reminded the government of exactly what was at stake with the increasing uncertainties developing over the dispute. The government looked around and ‘realized that the vast majority of India’s billion

people were saying, “I want a better future, not more territory”’. He believes that his Dell Theory will work with China and Taiwan. The same reality will apply to the present chest-puffing between China and Japan.

Although bad comes with good—he discusses the globalization of terrorism that uses the very same technological advances, and the inevitable displacement, restructuring and impact on workers and society in First World countries—the book is a timely reminder of just how fast things are moving. His advice to his two daughters is ‘Girls, finish your homework—people in India and China are starving for your jobs’.

The sub-title, *A Brief History of the Twenty-first Century*, is amusing but close to the truth, such is the speed of change. Friedman collects telling anecdotes from a range of people from many countries by asking them when it was, precisely, that they came to the realization that the world was flat. When did you?

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B.C. by Johnny Hart



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