

# Why the World Is Flat

**The playing field is being leveled, says globalization guru Thomas Friedman - from Shanghai to Silicon Valley, from al Qaeda to Wal-Mart.**

By Daniel H. Pink

**Thirty-five** years ago this summer, the golfer Chi Chi Rodriguez was competing in his seventh US Open, played that year at Hazeltine Country Club outside Minneapolis. Tied for second place after the opening round, Rodriguez eventually finished 27th, a few strokes ahead of such golf legends as Jack Nicklaus, Arnold Palmer, and Gary Player. His caddy for the tournament was a 17-year-old local named Tommy Friedman.

Rodriguez retired from golf several years later. But his caddy - now known as Thomas L. Friedman, foreign affairs columnist for *The New York Times* and author of the new book *The World Is Flat: A Brief History of the Twenty-First Century* - has spent his career deploying the skills he used on the golf course: describing the terrain, shouting warnings and encouragement, and whispering in the ears of big players. After 10 years of writing his twice-weekly foreign affairs column, Friedman has become the most influential American newspaper columnist since Walter Lippmann.

One reason for Friedman's influence is that, in the mid-'90s, he staked out the territory at the intersection of technology, financial markets, and world trade, which the foreign policy establishment, still focused on cruise missiles and throw weights, had largely ignored. "This thing called globalization," he says, "can explain more things in more ways than anything else."

Friedman's 1999 book, *The Lexus and the Olive Tree: Understanding Globalization*, provided much of the intellectual framework for the debate. "The first big book on globalization that anybody actually read," as Friedman describes it, helped make him a fixture on the Davos-Allen Conference-Renaissance Weekend circuit. But it also made him a lightning rod. He's been accused of "rhetorical hyperventilation" and dismissed as an "apologist" for global capital. The columnist Molly Ivins even dubbed top-tier society's lack of concern for the downsides of globalization "the Tom Friedman Problem."

After 9/11, Friedman says, he paid less attention to globalization. He spent the next three years traveling to the Arab and Muslim world trying to get at the roots of the attack on the US. His columns on the subject earned him his third Pulitzer Prize. But Friedman realized that while he was writing about terrorism, he missed an even bigger story: Globalization had gone into overdrive. So in a three-month burst last year, he wrote *The World Is Flat* to explain his updated thinking on the subject.

Friedman enlisted some impressive editorial assistance. Bill Gates spent a day with him to critique the theory. Friedman presented sections of the book to the strategic planning unit at IBM and to Michael Dell. But his most important tutors were two Indians: Nandan Nilekani, CEO of Infosys, and Vivek Paul, a top executive at Wipro. "They were the guys who really cracked the code for me."

*Wired* sat down with Friedman in his office at the *Times*' Washington bureau to discuss the flattening of the world.

**What do you mean the world is flat?**

**FRIEDMAN:** I was in India interviewing Nandan Nilekani at Infosys. And he said to me, "Tom, the playing field is being leveled." Indians and Chinese were going to compete for work like never before, and Americans weren't ready. I kept chewing over that phrase - the playing field is being leveled - and then it hit me: Holy mackerel, the world is becoming flat. Several technological and political forces have converged, and that has produced a global, Web-enabled playing field that allows for multiple forms of collaboration without regard to geography or distance - or soon, even language.

**So, we're talking about globalization enhanced by things like the rise of open source?**

This is Globalization 3.0. In Globalization 1.0, which began around 1492, the world went from size large to size medium. In Globalization 2.0, the era that introduced us to multinational companies, it went from size medium to size small. And then around 2000 came Globalization 3.0, in which the world went from being small to tiny. There's a difference between being able to make long distance phone calls cheaper on the Internet and walking around Riyadh with a PDA where you can have all of Google in your pocket. It's a difference in degree that's so enormous it becomes a difference in kind.

**Is that why the Netscape IPO is one of your "10 flatteners"? Explain.**

Three reasons. Netscape brought the Internet alive with the browser. They made the Internet so that Grandma could use it and her grandchildren could use it. The second thing that Netscape did was commercialize a set of open transmission protocols so that no company could own the Net. And the third is that Netscape triggered the dotcom boom, which triggered the dotcom bubble, which triggered the overinvestment of a trillion dollars in fiber-optic cables.

**Are you saying telecommunications trumps terrorism? What about September 11? Isn't that as important?**

There's no question flattening is more important. I don't think you can understand 9/11 without understanding flattening.

**This is probably the first book by a major foreign affairs thinker that talks about the world-changing effects of ... supply chains.**

[Laughs.]

### **Why are supply chains so important?**

They're incredible flatteners. For UPS to work, they've got to create systems with customs offices around the world. They've got to design supply chain algorithms so when you take that box to the UPS Store, it gets from that store to its hub and then out. Everything they are doing is taking fat out of the system at every joint. I was in India after the nuclear alert of 2002. I was interviewing Vivek Paul at Wipro shortly after he'd gotten an email from one of their big American clients saying, "We're now looking for an alternative to you. We don't want to be looking for an alternative to you. You don't *want* us to be looking for an alternative to you. Do something about this!" So I saw the effect that India's being part of this global supply chain had on the behavior of the Indian business community, which eventually filtered up to New Delhi.

### **And that's how you went from your McDonald's Theory of Conflict Prevention - two countries that have a McDonald's will never go to war with each other - to the Dell Theory of Conflict Prevention.**

Yes. No two countries that are both part of a major global supply chain like Dell's will fight against each other as long as they are both part of that supply chain. When I'm managing your back room, when I'm managing your HR, when I'm doing your accounting - that's way beyond selling you burgers. We are intimately in bed with each other. And that has got to affect my behavior.

### **In some sense, then, the world is a gigantic supply chain. And you don't want to be the one who brings the whole thing down.**

Absolutely.

### **Unless your goal is to bring the whole thing down. Supply chains work for al Qaeda, too, don't they?**

Al Qaeda is nothing more than a mutant supply chain. They're playing off the same platform as Wal-Mart and Dell. They're just not restrained by it. What is al Qaeda? It's an open source religious political movement that works off the global supply chain. That's what we're up against in Iraq. We're up against a suicide supply chain. You take one bomber and deploy him in Baghdad, and another is manufactured in Riyadh the next day. It's exactly like when you take the toy off the shelf at Wal-Mart and another is made in Shen Zhen the next day.

### **The book is almost dizzily optimistic about India and China, about what flattening will bring to these parts of the world.**

I firmly believe that the next great breakthrough in bioscience could come from a 15-year-old who downloads the human genome in Egypt. Bill Gates has a nice line: He says, 20 years ago, would you rather have been a B-student in Poughkeepsie or a genius in Shanghai? Twenty years ago you'd rather be a B-student in Poughkeepsie. Today?

**Not even close.**

Not even close. You'd much prefer to be the genius in Shanghai because you can now export your talents anywhere in the world.

**As optimistic as you are about that kid in Shanghai, you're not particularly optimistic about the US.**

I'm worried about my country. I love America. I think it's the best country in the world. But I also think we're not tending to our sauce. I believe that we are in what Shirley Ann Jackson [president of Rensselaer Polytechnic Institute] calls a "quiet crisis." If we don't change course now and buckle down in a flat world, the kind of competition our kids will face will be intense and the social implications of not repairing things will be enormous.

**You quote a CEO who says that Americans have grown addicted to their high salaries, and now they're going to have to earn them. Are Americans suffering from an undue sense of entitlement?**

Somebody said to me the other day that - I wish I had this for the book, but it's going to be in the paperback - the entitlement we need to get rid of is our sense of entitlement.

**Let's talk about the critics of globalization. You say that you don't want the antiglobalization movement to go away. Why?**

I've been a critic of the antiglobalization movement, and they've been a critic of me, but the one thing I respect about the movement is their authentic energy. These are not people who don't care about the world. But if you want to direct your energy toward helping the poor, I believe the best way is not throwing a stone through a McDonald's window or protesting World Bank meetings. It's through local governance. When you start to improve local governance, you improve education, women's rights, transportation.

**It's possible to go through your book and conclude it was written by a US senator who wants to run for president. There's a political agenda in this book.**

Yes, absolutely.

**You call for portable benefits, lifelong learning, free trade, greater investment in science, government funding for tertiary education, a system of wage insurance. Uh, Mr. Friedman, are you running for president?**

*[Laughs loudly.]* No, I am not running for president!

**Would you accept the vice presidential nomination?**

I just want to get my Thursday column done!

**But you are outlining an explicit agenda.**

You can't be a citizen of this country and not be in a hair-pulling rage at the fact that we're at this inflection moment and nobody seems to be talking about the

kind of policies we need to get through this flattening of the world, to get the most out of it and cushion the worst. We need to have as focused, as serious, as energetic, as sacrificing a strategy for dealing with flatism as we did for communism. This is the challenge of our day.

**Short of Washington fully embracing the Friedman doctrine, what should we be doing? For instance, what advice should we give to our kids?**

When I was growing up, my parents told me, "Finish your dinner. People in China and India are starving." I tell my daughters, "Finish your homework. People in India and China are starving for your job."

**Think about your own childhood for a moment. If a teenage Tommy Friedman could somehow have been transported to 2005, what do you think he would have found most surprising?**

That you could go to PGA.com and get the scores of your favorite golfer in real time. That would have been amazing.

## The 10 Great Levelers

### 1. Fall of the Berlin Wall

The events of November 9, 1989, tilted the worldwide balance of power toward democracies and free markets.

### 2. Netscape IPO

The August 9, 1995, offering sparked massive investment in fiber-optic cables.

### 3. Work flow software

The rise of apps from PayPal to VPNs enabled faster, closer coordination among far-flung employees.

### 4. Open-sourcing

Self-organizing communities, la Linux, launched a collaborative revolution.

### 5. Outsourcing

Migrating business functions to India saved money *and* a third world economy.

### 6. Offshoring

Contract manufacturing elevated China to economic prominence.

### 7. Supply-chaining

Robust networks of suppliers, retailers, and customers increased business efficiency. See Wal-Mart.

**8. Insourcing**

Logistics giants took control of customer supply chains, helping mom-and-pop shops go global. See UPS and FedEx.

**9. In-forming**

Power searching allowed everyone to use the Internet as a "personal supply chain of knowledge." See Google.

**10. Wireless**

Like "steroids," wireless technologies pumped up collaboration, making it mobile and personal.