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BOOKS OF THE TIMES | 'THE WORLD IS FLAT'

Global Playing Field: More Level, but It Still Has Bumps

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THE WORLD IS FLAT: A Brief History of the 21st Century

The world is flat, or at least becoming flatter very quickly, Thomas L.

By Thomas L. Friedman.
488 pp. Farrar, Straus & Giroux. \$27.50.

Friedman says in his exciting and very readable account of globalization. In this flat new world, there is a level (or at least more level) playing field in which countries like India and China, long marginalized in the global economy, are able to compete. And while Mr. Friedman, a Pulitzer Prize-winning columnist for The New York Times, celebrates the new vistas opening up for these countries, he describes forcefully the challenges globalization presents for the older industrialized nations - especially the United States.

America is still the global leader in science and technology, but its dominance is eroding. As Mr. Friedman points out in "The World Is Flat," Asian countries now produce eight times as many bachelor's degrees in engineering as the United States; the proportion of foreign-born Ph.D.'s in the American science and engineering labor force has risen to 38 percent; and federal financing for research in physical and mathematical sciences and engineering as a share of gross domestic product declined by 37 percent from 1970 to 2004.

About a third of "The World Is Flat" is devoted to describing the forces of leveling - from the fall of the Berlin Wall, which eliminated the ideological divide separating much of the world, to the rise of the Internet and technological changes that have led to new models of production and collaboration, including outsourcing and offshore manufacturing.

The rest of the book is devoted to exploring the implications of this flattening, both for the advanced industrial countries and the developing world. In truth, Mr. Friedman's major points would come across more strongly if his 488 pages were edited more tightly. But he provides a compelling case that something big is going on. I was in Bangalore, India, in January 2004 - just a month before Mr. Friedman - visiting Infosys, one of India's new leading high-technology companies. I, too, was bowled over by what I saw: "campuses" more modern than anything I had seen on the West Coast, and business leaders as dynamic and thoughtful as anywhere in the world.

It may be true that fears of outsourcing have been exaggerated: there are only a limited number of radiologists, software programmers and back-office people whose jobs can be performed at a distance. But I side with Mr. Friedman: the integration of some three billion people into the

global economy is a big deal. Even if only a limited number of American jobs are lost, the new competition will have striking effects, particularly on the wages of unskilled workers. While free trade may ultimately make every country better off, not every individual will be better off. There are winners and there are losers; and while, in principle, the winners could compensate the losers, that typically does not happen. Among other things, a flatter world means a less flat America - more inequality.

The playing field may be getting more level, but not everyone is equipped to play on it. On that same trip to India, I spent more than half my time in the countryside surrounding Bangalore, where traveling 10 miles was like traveling back 2,000 years. Peasants were farming as their ancestors must have. What has enabled Bangalore to become a high-tech success story is that companies like Infosys have removed themselves from what is going on nearby. They communicate directly by satellite with the United States, and in a place where local newspapers list the number of brownouts the previous day, these companies can have their own sources of power. And while new technologies may close the gap between parts of India and China and the advanced industrial countries, they will also increase the gap between those countries and Africa.

Mr. Friedman is right that there are forces flattening the world, but there are other forces making it less flat. At issue is the balance between them. So is the world really much flatter than before?

For instance, the new technologies that Mr. Friedman praises as levelers have also given rise to new opportunities for monopolization. Mr. Friedman praises Netscape's leveling role: its browser has really helped to put a world of knowledge and information at each person's doorstep (or computer). But Microsoft was able to use its own market power through control of computer operating systems to effectively replace Netscape with its own browser, Internet Explorer. While Microsoft speaks eloquently of the need to reward innovation, the real rewards are often not reaped by the innovators.

In addition, the underlying research for major developments like the Internet and Web browsers is expensive. Large, rich countries can pay for it; poor, small ones cannot. Mr. Friedman notes, but does not emphasize as much as he might, the important role played by government in financing such research before allowing private entrepreneurs to bring the actual products to market - and make the profits. American companies have a distinct advantage in benefiting from government-financed research, even though there are crumbs (some quite large) that those around the world can pick up.

Meanwhile, the new "rules of the game" that were part of the last round of global trade negotiations - notably intellectual property regulations requiring all countries to adopt American-style patent and copyright laws - are almost surely making the playing field less level. They will make it easier for those who are ahead of the game to maintain their lead.

One mark of a great book is that it makes you see things in a new way, and Mr. Friedman certainly succeeds in that goal. The world may not yet be flat, but there is no doubt that there are important forces - some leveling, some the opposite - that are changing its shape in critical ways. And in his provocative account, Mr. Friedman suggests what this brave new world will mean to all of us, in both the developed and the developing worlds.

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