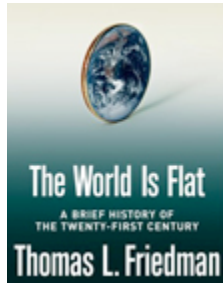




The World Is Flat: A Brief History of the Twenty-First Century

Thomas L. Friedman , Joanne J. Myers

April 6, 2005



The World Is Flat: A Brief History of the Twenty-First Century

- [Introduction](#)
- [Remarks](#)
- [Questions and Answers](#)

Introduction

JOANNE MYERS: Good morning. I'm Joanne Myers, Director of Merrill House Programs. On behalf of the Carnegie Council, I would just like to thank you all for joining us on this very special morning.

Tom Friedman is our speaker, and his book, [The World Is Flat: A Brief History of the Twenty-First Century](#), will be available for you to purchase at the end of the

program today.

Everybody knows that Tom Friedman is probably the most famous columnist in America today. We know that his accomplishments are legion, his travels legendary. We know that his earlier books have been on the bestseller lists for months at a time and that he thrice received the Pulitzer Prize for his reporting.

People always wonder, where does a talent like this come from? They ask, where does he come up with the inspiration for his columns and the titles for his books? Well, it just so happens that, in this case, I know. I have insider information. Tom Friedman and I went to the same high school, St. Louis Park Senior High School, St. Louis Park, Minnesota. I know, for example, that there was a McDonald's directly across the street from our high school. This first franchise McDonald's in America was the inspiration for his widely acclaimed column, "The Golden Arches Theory of Conflict Prevention."

I know that he used to ride his bicycle up and down Louisiana Avenue between Cedar Lake Road and Wayzata Boulevard, which, believe me, was far more dangerous than any highway on the road "From Beirut to Jerusalem." (At least that's what my mother told me.)

But then again, we are not talking about the Tom Friedman you know, but the one that I knew and remember.

In all seriousness, I would have to say that Tom's journalism experience began with a stint on the high school newspaper. Subscriptions at that time were a dollar a year, and Tom, although not in charge of boom-ball scoring, as some of his classmates were, did manage to become a page assistant on *The Echo*, the high school newspaper. The adviser was his journalism teacher, Hattie Steinberg. She was Tom's inspiration and the one who encouraged him to follow his dreams. Yet it was a particular story that he wrote that showed him just how exciting journalism could actually be. His classmates called it breaking news, and the headline read, "Lovers in the Hall."

The First Amendment prevents me from revealing my sources, but in deference to fairness and accuracy

in reporting, let's just say that I knew where Tom's high school locker was, and I know who those lovers were. Although one of them will remain nameless, let's just say that the other was not your average singing, dancing, cheerleading "Parkette."

It is true that it has been some years, and the memory of those high school days has all but faded. Yet the "longitude" and short of it is that Tom really does have a gift and "attitude," combined with a love of anecdote, which have won him readers worldwide.

Years from now, whether riding in their Lexus or sitting under their olive trees, there is no doubt that, when scholars write the history of these times and professors teach courses on journalism, there is one columnist that will stand out, not only for his ability to address the most urgent issues of our day, nor for his rhetorical brilliance, but he will be remembered for his skill in making these complex issues so accessible. That is our speaker, Tom Friedman.

There is one thing that is very unclear. Frankly, it is very puzzling. Tom, maybe you can help me out. We drank the same water, we breathed the same air, we went to the same school—but only one of us became Tom Friedman.

Please join me in welcoming the consistently readable, incredibly likable, the one and only, Tom Friedman.

Remarks

THOMAS FRIEDMAN: Thank you, Joanne. I have been exposed. I went to high school with Joanne's sister. We went to elementary school together too. So this is really a "This Is Your Life" experience.

Actually, there are more secrets, though. [Al Franken](#) and I and the [Coen Brothers](#), who did the movie *Fargo*, and [Norm Ornstein](#), who is a political analyst at AEI [American Enterprise Institute], all grew up about four blocks from each other. About four years ago, Vice President Mondale introduced me at an event. He got Al Franken and the Coen Brothers and Norm Ornstein, to contribute essays. They did a full page in the *Minneapolis Star Tribune* about what was in the water in that neighborhood.

Al's suggestion was that there was a creosol plant near our house. The Coen Brothers suggested that St. Louis Park was the equivalent of this district in Transylvania where all the Draculas came from. Everybody had different theories, but I prefer to think of it simply as a solar-lunar eclipse.

It is great to be with you here at the Carnegie Council again. I haven't been here since [The Lexus and the Olive Tree](#), maybe. I am really pleased to be back. I am honored that my old friend Samir Sanbar is here. Sammy and I stole a lot of horses together in Beirut about twenty years ago. It is great to see you here, Sammy.

Really, it is a treat to be with you here this morning. I am going to dive in and talk to you about my new book. I will give you a very quick survey. Let me simply say, if you don't see me on cable TV this month, your cable is broken. I did a blitz yesterday from Charlie Rose to Jon Stewart, to The Today Show and Imus. I covered every demographic except MTV yesterday. In fact, somebody sent me an email this morning that said, "How did you miss Access Hollywood?" I immediately emailed my publicist, saying, "How about Access Hollywood?"

I am out here to try to promote and explicate my latest book, and that is what I will talk about this morning.

To understand this book, you really have to understand the context from which it emerged. It was all really quite accidental. As readers of my column know and members of this Council know, I took over the [*New York Times*] foreign affairs column in 1995. I really, I would say, spent my time going from themes revolving around the Lexus, that is, globalization, to themes revolving around olive trees—civil conflict,

whether it was in the Middle East or in Eastern Europe or in Asia. I was on that kind of pendulum between the two, right up until September 11, 2001. On September 12, I dropped the globalization story like a stone, and I went off to cover the "olive tree" wars. I went off to cover the post-9/11 world.

From September 11 until last February, I did nothing else but write about and travel through the Arab-Muslim world. That was the prime focus of what I was doing. Fourteen months ago, last January, I started doing documentaries for the Discovery Channel. A couple of years ago, we did one on the wall in Israel. We did one in the roots of 9/11. Last year, in January, we were thinking about what to do for our next documentary. At that time, the issue of the world's perception of America was really high in everyone's agenda. I had this idea: Why don't we go to call centers around the world, from the Philippines to Costa Rica, to Eastern Europe, and interview young people who spend their days imitating Americans on what they thought of America. I thought it would make a very interesting kind of double perspective.

We were in the process of, literally, budgeting that out—where should we go, Poland, the Philippines, and whatnot—when a certain Democratic candidate named John Kerry came out with a blast calling CEOs who did outsourcing "Benedict Arnold executives." Then, as you know, this whole issue of outsourcing just exploded onto the political scene.

So I called Discovery and said, "Time out. Why don't we just go to Bangalore, the outsourcing capital of India, the Silicon Valley of India, and let's just do a documentary called "The Other Side of Outsourcing." Let's look at this outsourcing issue just from the Indian perspective and see what it really looks like from the ground up." They liked that idea, so off I went to Bangalore. I had been there before, so I had friends there, to start things off with.

Anyway, we did about sixty hours of interviews in two weeks in Bangalore. It was somewhere between the interview with the Indian entrepreneur who wanted to do my taxes from Bangalore and the one who wanted to write my software from Bangalore, and the one who wanted to read my x-rays from Bangalore, and the one who wanted to trace my lost luggage from Bangalore, that I started to get sicker and sicker. I was getting sicker and sicker because I was realizing that, while I had been sleeping, while I had been off covering the 9/11 wars, I had missed something really fundamental in this globalization story. I had lost the thread, and I found it in Bangalore.

Literally, if you could see the outtakes of me doing these interviews for the Discovery Channel, what you would see is me interviewing someone like Jerry Rao, who has one of the big franchises for doing outsourced tax accounting from Bangalore. I would be interviewing him. The interview would stop. The camera would still be running. It would be me saying to Jerry, "What did I miss? Something happened while I was gone that enables you to do this. What did I miss?" Every interview would kind of end that way: Something happened, and I don't understand how you can be doing this. I have missed something.

So our last interview was with Nandan Nilekani, the CEO of Infosys, which is kind of the IBM of India. Nandan is an old friend. We were sitting on the couch outside his office before the camera started running. Nandan said to me, "Tom, I've got to tell you, the playing field is being leveled. The playing field is being leveled, and you Americans are not ready." I wrote that down in my notebook.

After the interview, I got back in my Jeep with my Indian driver, who was driving barefoot, and we drove back to the hotel. I just kept thinking about what Nandan had said: The playing field is being leveled. Finally, I said to myself, what Nandan is really saying is that the playing field is being flattened. Finally, I said to myself, oh, my God, he is telling me the world is flat, and he is citing this as a great advance in human development. One of the smartest men in India is telling me the world is flat.

I got on the phone and I called my wife. I said, "Honey, I'm writing a book called *The World Is Flat*." She thought I was out of my mind. I came home from India. I called Gail Collins, the op-ed page editor, and Arthur Sulzberger, and I said, "I have to go on leave immediately, because the world is flat, and I have to write about this, because my old framework is out of date. If I don't update my framework, I'm going to

write something really stupid." We organized the leave, right then and there. Beginning March 15, I started on this book and wrote it in a burst of insane energy, in the last ten months.

Let me give you the brief thesis. The first chapter of the book is called, appropriately, "While You Were Sleeping." As I pointed out in the *Times Magazine* the other day, the main argument here is that Christopher Columbus set sail in 1492 looking for, as we all know, a shorter route to India. That is where he was going. He had the *Nina*, the *Pinta*, and the *Santa Maria*. He never did find India, but he called the people he met Indians, nevertheless. He came home and told his wife, "Honey, I've accidentally discovered that the world is round."

I set off for India 512 years later. I knew just which direction I was going. I went east. I had Lufthansa business class and a GPS satellite that popped up in my seat. I came home and reported to my wife—and only my wife, and only in a whisper—"Honey, I've discovered accidentally that the world is flat."

The first chapter is really about all the encounters I had, first in India and then beyond. I kept going east, to Dalian, China, which is now the outsourcing capital of Japan. Japanese-speaking Chinese, by the tens of thousands, are now doing the backroom operations for many global companies, including G.E. and Microsoft, from Dalian, China, for the Japanese market.

Then I kept going east, to the McDonald's franchises that are in a pilot operation, where if you drive up to the McDonald's now and you say, "I want three milkshakes and four Big Macs and eighteen fries," you are actually talking to someone in Colorado—you are not talking to someone at that McDonald's—who is taking down your order electronically, and taking your picture, incidentally, and zapping your picture and your order to a processor inside that McDonald's, who actually prepares the food and hands it to you, corresponding to your picture. McDonald's discovered they saved thirty seconds on every order when they did that and drove their error rate down to massively low levels.

I kept going east. I called JetBlue to make a reservation. I knew what was going on. After I tried to make my reservation, I said to the woman on the phone, "Ma'am, could I ask you your name?" She said, "Sure. My name is Betty." I said, "Betty, where are you right now?" She said, "Honey, I'm up in my bedroom in Salt Lake City. I'm in my slippers and my bathrobe, and I'm looking out at this beautiful winter scene." David Neeleman, the founder of JetBlue, has set up a reservation system that basically is people—housewives and retirees—in Salt Lake City. If you call JetBlue, that is who you are talking to. It is a completely home-based reservation system.

As I kept moving east and seeing these flattening forces, I finally ended up back home in Washington, D.C.

Now, the basic meta-argument I make in this first chapter is that there have been three great eras of globalization. One I call Globalization 1.0. It was from 1492 to about 1800. It shrunk the world from a size large to a size medium. That era of globalization was built primarily around countries globalizing. The agent of globalization was Spain discovering America, Great Britain colonizing India, and Portugal in the East Indies and East Asia.

The second great era of globalization, I would argue, is around 1820, 1825—that was really the beginning of global arbitrage—until the year 2000. That era shrunk the world from a size medium to a size small. That era of globalization was built around companies globalizing. That was the dynamic agent, companies globalizing for markets and for labor.

What I am arguing in this book is that while you were sleeping—certainly while I was sleeping—we actually entered Globalization 3.0, which began in the year 2000—by accident, right at the turn of the millennium. This era is shrinking the world from a size small to size tiny, and leveling and flattening the playing field at the same time.

What is unique about this era is that it is not built around countries, and it is not built around companies.

It is built around individuals. The new "new" thing about this era of globalization is that the dynamic agent is the individual and the small group's ability to globalize. Be advised, it is not going to be a bunch of white Western individuals. It is going to be individuals of all colors of the rainbow.

The second chapter of the book is the longest chapter. It is a third of the book. It is the one that took me the most time and really forced me to retool myself. It is a whole chapter devoted to answering that question that burned in me when I was doing those interviews in India. That question was, how did this happen?

That chapter is called "The Ten Days that Flattened the World"—it is really "The Ten Forces that Flattened the World." This is my attempt to explain what the forces were that created this level playing field. I have come up with ten. Let me go through them very quickly.

DAY 1: The first flattener is 11/9—not 9/11, 11/9. In a wonderful cabalistic accident of dates, the Berlin Wall came down on 11/9, November 9, 1989. The fall of the Wall was a huge flattener. When the Wall was there, it was very hard—in fact, it was impossible—to actually see the world as a single flat space. But when the Wall was removed, suddenly you could see from one end of the world, metaphorically, to the other.

I daresay if you did a LexisNexis search of the term "globalization," before the Berlin Wall, you would find it rarely used, because, after all, who could have a global policy? You could have an Eastern policy, you could have a Western policy, but it was very hard to have a global policy when there was a wall in the way. So the fall of the Wall was hugely important for us to perceptually see and think of the world as a single space.

What I call this first flattener is, "When the Wall came down and the Windows came up." Windows operating system 3.0 shipped six months after the fall of the Berlin Wall. Those two things happened at the same time, giving us a universal graphical user interface from one end of the world to the other, to look at the world through. That was the first flattener.

DAY 2: The second flattener occurred on 8/9/95, which I consider to be as important a day in our lifetime as the fall of the Berlin Wall. 8/9/95, August 9, 1995, is the day a small company in Mountain View, California, called Netscape, went public. Netscape's IPO was a transformative day in our lifetime, for three reasons:

- Netscape going public gave us the Internet browser. The browser is that thing that allows us to illuminate and illustrate all the data, information, words, and music that are in those Web sites. It is what allowed us to browse the Internet and visually see what was there. It was a huge breakthrough, an invention by [Mark Andreessen](#) from the University of Illinois. That going public basically made the Internet open and accessible to everyone from grandma and grandpa to a five-year-old grandchild. It essentially gave us the Internet.
- It gave us—this is a little more technical—a set of transmission protocols, kind of digital pipes, that made the Internet interoperable. You may recall, when you first started using the Internet, that you were on CompuServe and your wife was on AOL, and you had a hard time communicating. What Netscape did was, basically, commercialize a set of open standards that really made the Internet interoperable.
- Third and most importantly, Netscape triggered the dot-com boom, which triggered the dot-com bubble, which triggered the crazy, wild, ridiculous, massive overinvestment in fiber-optic cable—\$1 trillion in five years. Netscape came out at \$28.00. It opened at \$71.00. It closed the first day at \$56.00. People all over America looked at that and said, "There is gold over them there hills." That started the dot-com boom. That prompted every yahoo from Global Crossing to Lucent, to your local telephone company, to think that the demand for bandwidth is going to be infinite, and if the

demand is going to be infinite, you can't lay down enough fiber-optic cable under the ocean and around the world. So every one of these companies tried to do just that. You and I, with our investment dollars, paid for it.

The accidental result was that within five years of Netscape going public, Bangalore and Beijing and the Bronx had become next-door neighbors. We drove down the cost of transmitting words and music and data between all these points to zero. What the Netscape moment did, in sum, was bring people-to-people connectivity. People were able to connect with people elsewhere like never before.

DAY 3: The next flattener I simply call workflow. It is really my summary of all the software and standards—standards are very important—that connected all that bandwidth from those fiber-optic cables with all those PCs. Workflow is very important. Again, if you go back to the early 1990s, you may recall that the Carnegie Council here—their inventory department was running Microsoft Windows, but their membership department was running Novell. Each department was more efficient, because they were working on computers. There was just one problem: Their Novell computers couldn't talk to their Windows computers. So they were never as productive as they could be.

There was a revolution going on in the late 1990s, thanks to all kinds of digital pipes and things like middleware, that enabled applications to talk to applications. Suddenly, everyone's inventory department could talk to everyone's sales department without ever thinking about it. More importantly, Carnegie's sales department and inventory department could talk to the UN's inventory and sales departments, no matter what machine they were operating on and no matter what software they were running. That was a huge, huge revolution, because when applications could talk to applications, suddenly we could work together in whole new ways.

After these first three flatteners, we get what I call the "genesis" of the flat world. It happened right at the end of the 1990s when, suddenly, people could talk to people like never before and, at the same time, applications could talk to applications like never before. Put those two together and, willy-nilly, you have a global platform for multiple forms of collaboration. Suddenly, people can collaborate on more kinds of work, in more different ways, on more different days, and from more different places than ever before.

[The next six flatteners are the new forms of collaboration that immediately sprung from this platform.]

DAY 4: The first new form of collaboration was outsourcing. Suddenly, I can take the Carnegie Council's accounting department and move it to North Dakota, to Arizona, or to Bangalore, because when people-to-people and application-to-application can connect, I can move it anywhere—where the most efficient, effective, or cheapest producer can operate it.

DAY 5: The second new form of collaboration was what I simply call offshoring. This existed before, but it has gone to a whole new level, basically, thanks to the flattening of the world. Offshoring is when I take my factory from Canton, Ohio, and move it lock, stock, and barrel to Canton, China, where it then gets integrated into my whole production operation.

Offshoring dates from when China joined the World Trade Organization and from when India began to remediate all our computers for Y2K.

DAY 6: The third great new form of collaboration is open sourcing. Now, I have a bunch of geeks sitting at home working for free, writing the next operating system, called Linux. How would you like to be Bill Gates? Your whole business model all these years—you are a tough businessman—is that anybody who comes up and tries to compete with you, you undercut them, because you are big and tough and you are Microsoft. Then one day you discover that your main competitor—Linux now has 15 percent of the operating-system market—is selling your product for free. It is kind of hard to undercut that, especially when all your other competitors are funding people to work on it for free, so they can get into your cash hoard. This is a whole new model of production.

Some of you, I am sure, have kids in college. Ask them how many of them have downloaded Firefox. Firefox is a new browser. As we all know, the browser on all our computers is Internet Explorer, made by Microsoft. Through a very interesting collaboration last year, a nineteen-year-old at Stanford, working with a twenty-four-year-old in New Zealand, never having met face to face, collaborated in an open-source forum. The new browser they created was downloaded 10 million times in the first month. Firefox now has 5 percent of the browser market.

In the book, I profile a remarkable young man, [Brian Behlendorf](#), who was the leader of the Apache movement. All your computers basically operate on a Web server. The Web server is what goes to that Web site when you tell it to, to get the information there. Every Web site has to have a Web server to serve it up to your computer. The Web server that really runs 75 percent of the computers in America is called Apache. The chief of the Apache tribe is a young man named Brian Behlendorf. These people, in an open-source forum, produced a Web server that was so good, it basically prompted IBM to throw out its Web server and pay its own engineers to join the open-source chat room of Apache that produced today's standard Web server.

Open sourcing, a whole new form of collaboration. It is not just about Web servers. I use [Wikipedia](#) constantly. I don't know how many of you have used Wikipedia. It is an open-source dictionary and encyclopedia, where people simply contribute the entries on their own. It is self-corrective. If you have never dipped into the open-source world, I urge you to do so. It is going to be, I think, the main post-industrial forum of creative innovation.

DAY 7: The fourth new form of collaboration I call supply-chaining. "Supply-chaining" is simply my word for Wal-Mart. Wal-Mart has designed a global supply chain down to the last atom of efficiency, so if you take an item off the shelf in Brooklyn, another is immediately made in Shenzhen, China. As you may have heard, if Wal-Mart were a country, it would be China's eighth-largest trading partner today.

DAY 8: The fifth new form of collaboration that sprung off this platform I call insourcing. I had the most fun learning about this, actually. Insourcing is what UPS does. If you think the folks in the funny brown shorts in the funny brown trucks are just delivering packages, then you have not been paying attention to the little new logo on the side of that funny brown truck. You know what it says now? It doesn't say, "Packages delivered." It says, "Your world synchronized." What UPS does now is go inside your company—it is why I call it insourcing—and take over your whole internal logistics operation right up to your neck.

My favorite example: If you have a Toshiba laptop and your Toshiba laptop breaks, what do you do? You look at the warranty. It says, "Call 1-800-HELP." So you call 1-800-HELP, and when you call there, they tell you to take your Toshiba laptop down to the UPS store and send it to Toshiba, and they will repair it and send it back. What you don't know is that your Toshiba laptop goes from the UPS store to the UPS hub at Louisville Airport in Kentucky, their global headquarters, where in a clean room, in a hangar, at Louisville Airport, your Toshiba laptop is repaired by a UPS employee. Your Toshiba laptop never goes back to Toshiba. They don't want to see it. They insource all of it to UPS.

You call [nike.com](#), go online to order a pair of sneakers for your kids. UPS answers that email. UPS picks and packs the shoes. UPS ships them. UPS bills them, and UPS collects the money. You see the Papa John's Pizza truck go by. Guess who is driving? It ain't Papa John's. It is someone in funny brown shorts working for UPS.

There are whole companies today—and you would be shocked to know how many—who never touch their products anymore. They have been completely insourced to UPS or FedEx or DHL. This is a huge flattener going on. To do this requires an enormous number of standards, in order to make this operate at a seamless level.

DAY 9: The last new form of collaboration I call informing. Informing is what Google, Yahoo, and

Microsoft Search do. They allow you to collaborate now with data all by yourself. I had a research assistant, my assistant in Washington, who worked with me on this book. But my real research assistant for this book was a person named Google. I was able to mine all my data all by myself. I was able to inform myself. Inform me: that is what Google does; it is what TiVo does. It allows you to inform and entertain yourself—a whole new form of collaboration.

[Now just to summarize: We had the first three. They created the platform for new forms of collaboration. Then we have the next six new forms of collaboration: outsourcing, offshoring, open-sourcing, supply-chaining, insourcing, and informing. That is nine. What is the tenth?]

DAY 10: The tenth I simply call the "steroids." The steroids are voice-over-the-Internet and wireless. What the steroids are doing is turbocharging all six of these new forms of collaboration and now allowing you to do any one from anywhere with any device.

So those are the ten days that flattened the world. You will understand why it took me a long time (a) to figure that out, and (b) to go down to UPS and Wal-Mart and do all the research around this, so that I was able to understand them enough to explain it to myself and, hopefully, to you.

The third chapter of the book—and I will stop here—is really the core thesis. It is called "The Triple Convergence." The triple convergence is basically what, I argue, is the pivot point for the flattening of the world. The first convergence was that sometime around 2000, all ten of these flatteners started to converge. The complementarities between them all suddenly started to work together. The informing drove the outsourcing; the outsourcing drove the insourcing; the insourcing drove the supply-chaining; the supply-chaining drove the offshoring. All started to work together at a tipping point, and the result was a Web-enabled global platform for multiple forms of collaboration and sharing of knowledge—irrespective of distance, of geography, and increasingly, even of language. We are just at the beginning of this.

The second convergence—as I said, it was a triple convergence—was the fact that we are now at the beginning of learning to what I call "horizontalize" ourselves. We are going from a world where value was created almost exclusively in command-and-control silos, from the top down, to a world where value is going to increasingly be created by connect-and-collaborate, horizontally. We are going from a vertical value-creation model to a horizontal value-creation model. To get the most out of this, you have to change all your habits.

The Stanford economist [Paul David](#) wrote a famous essay on electrification. He asked, when electricity came out, why didn't we get a burst of productivity? His answer was, because people had to change all their habits. They had to change the very architecture of buildings in order to accommodate small electric motors. It was only after twenty years, when everyone changed their habits from steam engines and their architecture and their business-management processes, did we get the explosion of productivity from electrification.

I would argue the same is going to have to happen with "horizontalization," as we move from vertical to horizontal. An example I like to give from this—and it is a very vivid one—happened to me when I was starting to write this book. My daughter goes to school in New Haven. I live in Bethesda, Maryland. Last spring, I was going to visit her, taking her some spring clothes. To get from Bethesda, Maryland, to New Haven is a total pain in the behind. You have to drive to BWI Airport in Baltimore, take Southwest Airlines to Hartford, and then drive an hour from Hartford to New Haven.

You don't look like a Southwest crowd to me, but never mind. If you have flown Southwest, you may know that on Southwest Airlines you don't get an assigned seat; you just get a ticket that says A, B, or C. You do not want to be a C on Southwest Airlines. You don't even want to be a B if you are carrying two bags of carry-on for your daughter and want to find room in the bin overhead or not get stuck in the middle seat.

No problem. I am a hip guy. I did the e-ticket thing. I got to Southwest Airlines ninety-five minutes before my flight. I put my credit card in the Southwest e-ticket machine. Out came my ticket, and it said B. I said, "This thing is rigged! This is fixed! This is worse than Las Vegas! There is no way I'm a B! I'm here ninety-five minutes before this flight. There is no way I'm a B!" I kicked the thing, went and got my Cinnabon and stewed in the back of the B line. So I was sitting at the gate for forty-five minutes in the back of the B line. Then they called the flight. Then I saw it. All the A's were getting on with what looked to me like crumpled pieces of white printer paper, as if they had downloaded their boarding passes at home and printed them out on their home computers.

What, of course, I didn't know was that Southwest Airlines had just instituted a program where at 12:01 a.m. the night before, because of the convergence, that first convergence, they could make their customers their employees. They could get you to stay up until 12:01 a.m. the night before, and if you valued your time, in effect, pay Southwest Airlines to be their employee and download your boarding pass and your barcode on your own home printer paper the night before. I looked at that, friends, and I said, "Friedman, you are so twentieth-century. You are so Globalization 2.0."

Think about it. In our lifetime, we went from a ticket agent, in Globalization 1.0, a physical person who stood before you, to the e-ticket machine, to you becoming the ticket agent. You just saw us go from Globalization 1.0, to 2.0, to 3.0, in a decade. That transition is happening in every business. I can't tell you how many CEOs I spoke to who all told me the same thing, like they were preprogrammed: "I've had to do the most amazing thing in order to stay alive in this business."

That is the second convergence. I had to learn to "horizontalize" myself. I had to learn to collaborate totally differently with Southwest Airlines to get the productivity boost for myself and for Southwest Airlines. We are just at the beginning of that.

The third convergence—I said there were three—is that right when the world was flattened, what accidentally happened was that 3 billion people who were out of the game walked onto the playing field—from India, China, and the former Soviet empire. When do they walk onto the playing field, friends? Just when it has been flattened. Just when they can plug and play, connect and collaborate, more directly with your kids and mine than ever before in the history of the planet.

Oh, there are 3 billion of them, but only 5 percent can plug and play. Excuse me, that is 150 million by my math. That is the exact size of the American workforce. Also, they can plug and play much more quickly, because they have no embedded legacy systems. That is why there are more cell phones in China today than there are people in America. They can go straight to the latest technology.

The simple thesis of this book is that the triple convergence of this flattened world with these new businesses processes, with these 3 billion new players, is defining the course of the twenty-first century.

Let me simply close by saying that this triple convergence happened to coincide with a political "perfect storm." The political perfect storm was called Enron. Enron, 9/11, and the dot-com bust made a lot of morons think and write that globalization was over. Actually, just the opposite was happening. 9/11 completely distracted us—most of all, myself—from everything that was going on. Enron made it so that every business executive was guilty until proven innocent; therefore, none of them wanted to talk about any of this.

When I went around and interviewed people for this book, it was a bit like being in a science fiction movie. They are like pod people, all these CEOs. I learned everything that I know for this book from them. They know just what is going on. But nobody has told the kids. Nobody is talking about this. So we are at one of the great inflection points, I would argue, in our history. I think this is going to be as big as [Gutenberg](#) when it plays out. And nobody is talking about it.

We just had an election where the Democrats were debating whether [NAFTA](#) was a good idea and the Republicans put duct tape over the mouth of chief White House economist [Greg Mankiw](#) when he said

outsourcing made sense and stashed him in Dick Cheney's basement, never to be heard from since.

Nobody has told the kids. What I try to do in this book is tell the kids. Here, I associate myself with the remarks of the late, lamented [Carly Fiorina of Hewlett Packard](#), who understood very well what was going on, even if she wasn't able to translate it into HP's bottom line. As Carly put it to me, everything we called the IT revolution for the last twenty years was just the warm-up act. That was just the forging and distribution of the tools of collaboration. What you are now about to see is the real IT revolution. It is going to be this triple convergence.

Questions and Answers

QUESTION: That was brilliant, a real eye-opener. My question is, and you can generalize or be as specific as you like, what is the role of education in respect of this revolution, this flattening you have described to us?

THOMAS FRIEDMAN: What I have just given you are just the first two chapters of the book. The middle third of the book is really trying to ask that question in terms of the United States. I am really focused here on my own country. What does all this flattening mean for us? Basically, when the world goes flat, we are connecting all the knowledge pools in the world together. Suddenly, that person in Bangalore or Beijing or Romania can now plug and play.

I believe we are on the cusp of one of the greatest eras of innovation that the planet has ever seen. That is the exciting news.

But to be able to plug and play in this world, you have to have the educational skills to do that. As we push out the boundaries of knowledge farther, you have to have more education. Think of Firefox. It took a guy at Stanford and a guy in New Zealand to collaborate, to reach the next new level of Microsoft Explorer. So that is why collaboration becomes so important, and that is why education becomes so important.

A point [Bill Gates](#) made to me is that if you had a choice, thirty-five years ago, between being a B student in the Bronx or a genius born in Bangalore, there is no question; your life opportunities would be so much better if you were a B student in the Bronx. You could be a super-genius in Bangalore, but you really couldn't translate that into anything. When the world is flat, it is just the opposite. You do not want to be a B student in the Bronx, because every genius in Bangalore can now plug and play more directly than ever.

One of the things I do in the book is profile the [Microsoft Research Center in Beijing](#). As Gates explained to me, it is now the leading research center for Microsoft. They have three research centers, one in Cambridge, one in Redmond, and since 1998, one in Beijing. I don't know if you know how they organized this research center: they went to the leading scientific and technical universities around China, a country of 1.3 billion people, and gave IQ tests to the top 2,000 students. Then they chose twenty for their research center in Beijing. Do you know what kind of salmon you have to be to swim upstream in China to make it to the Microsoft Research Center in Beijing, which the Chinese government allows to grant postdoctoral degrees? As they say at the Microsoft Research Center in Beijing, when you are one in a million, well, there are 1,300 other people just like you.

So we don't have the education here—as Bill Gates said, our high school education is basically obsolete. On test scores for math and science at fourth grade level, we are ahead; by eighth grade we are even; and by twelfth grade we are behind—which means our students are getting dumber as they go through school, to put it bluntly.

I interviewed [Bill Brody](#), the president of Johns Hopkins University, for the book. He told me a story about a parent calling him to complain that her son could not understand his calculus teaching assistant because his Chinese accent was so thick. Bill looked into it and discovered that all his math TAs were

from China.

So we have a problem. I think we are at a moment of colossal stupidity right now in this country. We have a president who is trying to take apart the [New Deal](#) at a time when we need a whole new New Deal around the flattening of the world and what we need to empower our people—our young people and our older people—with the right health care, the right pension, the right safety nets, the right education, to get ready for the flat world.

So the second third of the book is about what I call my own philosophy, which is "compassionate flattism." My argument, basically, is that when the world goes flat, "flattism" represents as fundamental a challenge to our society as communism. If we don't have as comprehensive a response to "flattism" as we did to communism, we are going to get creamed. There is no job that says, this is an American job. In a flat world, it is going to go to the best, most able person who gets the job.

QUESTION: I want to take you to your other area of expertise, the Middle East. Perhaps with the exception of [al-Qaeda](#), most of the Islamic world is not involved with the flat-earth society. I want to know, what do you think is the significance of the fact that al-Qaeda is involved and the rest of the Middle East doesn't seem to be involved?

THOMAS FRIEDMAN: That is a good question. The last third of the book is about that. The last third of the book is about the geopolitics of all this. As you rightly said, al-Qaeda is what they call in the tech world an early adopter. Terrorists are early adopters, generally speaking—much earlier than our Pentagon, in fact.

One of the reasons Microsoft insists that its employees have to be the first beta testers of every new software that comes out is not just so they can test it and find the bugs; it is because if this software is going to make you more productive, Microsoft wants to be the first to adopt the technology. That is a competitive advantage. Unfortunately, terrorists tend to be early adopters. The person who understood global supply chains almost as well as [Sam Walton](#) was [Osama bin Laden](#). Al-Qaeda is nothing more than an open-source global supply chain, only it is a suicide supply chain. When a suicide bomber is deployed in Baghdad, another is manufactured in Riyadh, just like Wal-Mart. (Wal-Mart didn't like it when I wrote that. I don't know why. Touchy, touchy, touchy.)

In the last part of the book, I take my flat world theory and apply it to the Middle East. One of the things, first of all, that happens when the world goes flat is that you get your humiliation fiber-optically. You get your humiliation now at 56K, right in the face. You can see just where the caravan is and just where you are, and just how far behind you are.

The latest [Arab Human Development Report](#) came out yesterday. In the book I tell a story about how, just after the [Madrid bombings](#), I suddenly remembered that bin Laden had said something about Spain. So I Googled it. What came up made the hair on my arms stand up. It was from one of the tapes, the first tape, released in January of 2004. He suddenly says, "Spain used to be a Muslim country. We used to own this country. You know what? The entire Arab world, the combined GDP of all twenty-two Arab states, doesn't equal that of Spain, this country we owned."

Do you know where that statistic is from? It is from the first *Arab Human Development Report*, which was published in 2002. That was the lead of my column about the first *Arab Human Development Report*. Maybe it was the lead of someone else's column, too. Maybe other Arab newspapers made it the lead. But what it means is that bin Laden was sitting in a cave somewhere in 2002, reading the first *Arab Human Development Report*. Either he got a yellowed newspaper clipping, or he downloaded it from his cave. It is the only way he could have gotten that information.

So he got his humiliation fiber-optically. That is why I happen to think that 9/11 is all about humiliation and the sense of being left behind and the anger and resentment that produces. The flattening of the world really intensifies that sense of relative deprivation.

I think what happened in Lebanon is surely a product of the Lebanese watching what happened in the Ukraine and watching what happened in Baghdad. In a flat world, they say, "If they can do that vis-?-vis the Soviets, why can't we do that vis-?-vis the Syrians?"

Again, on the upside, I have a chapter on what all this means for companies. One of the points I make is that when the world goes flat, the big can act really small by enabling their customers to act really big. That is the Southwest Airlines example. Big companies can now act so small, they can make you your own ticket agent.

The opposite is also true. The small can act really big. The example I give in the book is that in the history of the NASDAQ there has only been one Arab company listed. It is called [ARAMEX](#). It is kind of a FedEx for the Arab world, run by a guy named Fadi Ghandour, a remarkable Jordanian. I basically tell the ARAMEX story and how ARAMEX took over this little company using Jordanian software engineers—the whole global package-delivery system of Airborne Express, after Airborne was merged. It is a remarkable story. Every Arab should know the ARAMEX story. Why do they all know the al-Qaeda story and none of them know the ARAMEX story? It is a remarkable story of entrepreneurship drawing entirely on Arab talent. So I tell the ARAMEX story in the book. It is going to cut both ways, and does.

QUESTION: I am a little puzzled. In this world, anyone who has been reading *Wired* magazine, for example, and anyone that has been listening to even [Ray Kurzweil](#), who is a presidential awardee, and anyone who follows the technological world has to be aware of these remarkable changes. Apropos of that, it is this eighteen-year-old kid from some school in Des Moines that is able to change the world so quickly.

I am wondering: why the amnesia in the country? [Lou Dobbs](#) came here and ranted and raved about outsourcing. So I am little puzzled. There is some disconnect between what is taking place—and is certainly open to most of us—and our government's behavior. Is our government in denial?

THOMAS FRIEDMAN: It is an interesting question. I think it operates at several levels. One is the level of, simply, distraction. 9/11 was so big. The dot-com bust was so big. Obviously, it sucked a lot of the knowledge out of the system. People saw the dot-com bust and thought, okay, it is all over. That is number one.

Number two, I had to completely retool myself in order to write this book. I am the foreign-affairs columnist. I don't write the circuit section. You know where I've been? I've been to UPS, hanging around Louisville Airport. I've been to Bentonville, Arkansas. I've been hanging around there. I've been hanging around Google in Mountain View, California. Those aren't the traditional foreign-policy beats.

So I had to really retool myself in order to understand what was going on, and then to connect all the dots. I have been in this sort of war, as you may have noticed, with the foreign-policy establishment since I took over the column. Let's be blunt about it. A lot of people have resented what I did with this column, because I brought it into the world of technology and finance and geopolitics. I can do the stuff with hair on it as well as anybody. I can do the "olive tree wars."

But I also said, wait a minute, I can't explain the world unless I pull all of these other things in. To do that, I had to go back to school. I had to learn about everything I have told you today that I didn't know a year ago. I had to go and interview people like yourselves and try to understand it. I went back and forth with Mark Andreessen [of Netscape] twenty times before I understood the difference between XML and HTML and RSS.

Nobody likes to go back to school. So I have a whole crowd of people out there who think, "Oh, globalization, it's just some sizzle Tom Friedman made up, that he has exaggerated." So I nod my head and just say, "We'll see."

I wrote a book called *The Lexus and the Olive Tree*. I know about the olive trees. What I am saying is, to explain international relations today, it's about the interaction between the two. If all you are going to talk about is the olive tree part, then you will never be able to explain the whole.

I think there is a huge bias among foreign-policy writers and academics, who don't want to go back to school. They want to say, "What are you writing, Friedman, an investing column?" They want to pretend that it is all sizzle or it is all basically irrelevant. What counts are the issues with hair on them, about throw weights and tribal urges. I know that. But in my view, it is in the interaction between traditional foreign affairs and something else, where the explanation of world politics really resides.

So I had to "horizontalize" myself. Most people don't want to do that. Let's be honest: our Treasury Secretary is from the railroad industry—well, there's a real cutting-edge guy. As for the Commerce Secretary—these people simply are deaf to this world and aren't particularly interested in it. When was the last time you heard the president give a speech on competitiveness? So I think that this begins at the top. If the president took up this agenda, there is nothing like the bully pulpit of the presidency to make an issue relevant.

Somebody asked me yesterday "Who would you like to read this book?" I said, "I would love George Bush to read it." I don't mean that to be cute. I mean that because George Bush is going to be president for three-and-a-half more years. We don't have three-and-a-half years to waste while we hope that the next person will somehow get it, whether they are a Republican or a Democrat. I would love nothing more than for the president to seize his version of these ideas and make them relevant and translate them into our politics and economics. I would love nothing more than for him to succeed, for the sake of our country. We do not have three-and-a-half years to squander, basically trying to take apart the New Deal.

Copyright © 2010 Carnegie Council for Ethics in International Affairs