



## The Lexus and the Olive Tree: Understanding Globalization

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The Lexus and the Olive Tree is a portrait of how globalization is changing the world. Written in 2000, it provides an interesting perspective on the process, using anecdotes and experiences from the New York Times' foreign policy correspondent, as he traveled the world reporting on events.

The title refers to the conflict between modernization and traditional values and culture. Friedman had the insight while traveling to a Lexus factory in Japan on a bullet train at 180 mph. He was reading an article about Palestinians and Israelis arguing over who owned which olive tree.

The book is divided into four parts:

- Seeing the System
- Plugging into the System
- Backlash Against the System
- America's role

The first part explains the globalization system, which Friedman dates to the end of the Cold War and the fall of the Berlin Wall. The defining economic system became "creative destruction", where access to financial markets, the growth of telecommunications and microprocessors, as well as lower transportation costs led to increased competition on a world-wide scale. He provides examples of how microchips reduced barriers for entry into markets, creating forces that companies and countries could not easily resist. And openness to financial markets created pressures to adapt to international business standards and practices, or capital will leave a country or company.

Plugging into the system describes how the globalization system works in practice. He provides examples of many of the features of globalization. These include transparency in financial transactions, reducing corruption, and use of markets. He discusses the golden arches theory of diplomacy and how two nations with McDonalds would not go to war. He finds that although this technically occurred in Kosovo, the NATOP's pressures on the Serbian people led to a rapid end to the conflict.

The book also addresses the backlash against the system. There are many forms of protest against globalization. These include people lacking the skills needed to be competitive, labor unions losing out to foreign and non-unionized workers, and religious fundamentalists. Friedman argues that there is a groundswell of people demanding the benefits form globalization—more freedom and a better life.

The final part deals with the US's role. He sees the world moving towards the US's form of capitalism. But he also discusses how many traditional societies and forces oppose this. For example: Osama bin Laden wants the US out of the Arabia because it was defiling Islam. And the same leverages that are produced by the benefits of globalization can provide terrorists with ways to magnify their nihilistic worldview.

Upon re-reading the book 15 years after it came out, I found it still serves as a primer on how globalization has affected society. And he identifies many of the forces that have come to oppose globalization, including terrorism, nationalism, and protectionism. However, many aspects of international development followed a different trajectory. He talks about environmentalism from a pre-climate change perspective, and was much more optimistic about the impact of globalization, despite lamenting its homogenizing effects on culture. Political trends have tended to move in a more authoritarian way than he would have expected. It would be interesting for him to provide an updated afterword on how globalization has changed from what he envisioned at the turn of the millennium.