

THE LEXUS AND THE OLIVE TREE by Thomas Friedman,
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From virtual obscurity a few years ago, 'globalisation' has come to be one of the most overused words in our lexicon, peppering business manuals, political speeches and academic textbooks. Thomas Friedman sets himself a bold task: to explain the phenomenon, how it has changed the world, and how it will continue to do so.

Judged against this goal, he fails. The book lacks the rigorous analysis that is required to approach such a complex and multifaceted topic. But the result is nonetheless enormously entertaining and informative. Mr Friedman is the archduke of anecdotes, and appropriately enough for a book that revels in the speed of societal evolution, his writing has all the absorbing flow of a good novel. Decades of writing for the world's premier newspaper, *The New York Times*, allow him to weave together tales of Chinese village democracy, Thai banks, the Telstra share offer and Brazilian treehouses. He creates his own vocabulary along the way, writing of globalution, glocalisation, the Electronic Herd, DOSCapital, Microchip Immune Deficiency Syndrome and the Golden Straitjacket.

The title of the book derives from the forces that Mr Friedman perceives to be most important in the post-Cold War era – those intent on building a better Lexus, dedicated to modernising, streamlining and privatising their economies; and those caught up in the fight over who owns which olive tree. In 1989, he says 'the Berlin wall didn't just fall in Berlin' (p40), and ever since then, the key political divide has become one's attitude to globalisation (an argument which will be familiar to those who have read Mark Latham and Lindsay Tanner's recent works). The democratisation of technology, finance and information, Mr Friedman says, make globalisation unstoppable. The only question is whether leaders choose to embrace it or resist it.

It is no wonder that Mr Friedman is a globoffin. After all, as Foreign Affairs correspondent for *The New York Times*, he readily admits that he has the best job in the world. It is difficult to read a sentence like '[the computing revolution] meant adding Silicon Valley to the list of world capitals – Moscow, Beijing, London, Jerusalem – that I felt I had to visit once a year just to stay abreast of what was going on' (p18) without feeling at least a slight pang of jealousy. But what of those for whom globalisation has meant longer working hours, less job security or even redundancy, with little hope of ever finding other work?

In a general sense, Mr Friedman points out that globalisation has been enormously beneficial. He makes the crucial point that whilst inequality continues to increase, absolute poverty is in decline. Globalisation may mean that the rich are getting richer, but the poor are getting richer too. According to the 1997 United Nations Human Development Report, poverty has fallen more in the past fifty years than in the previous five hundred.

Yet there are globalosers (though you will find few examples of them in this book), and for them, Mr Friedman's proposals for sharing the gains are modest indeed. The developing world, he argues, should concentrate on transparent business regulation and stamping out corruption. Governments should not think they can follow Malaysia's lead, by imposing capital controls. Nor should they

entertain James Tobin's proposal for a tax on international financial flows. Western Europe's problems lie in its bloated social welfare system and rigid employment market. At times the reader almost wonders whether Thomas Friedman has been replaced by Milton Friedman.

To then come to the end of the book and discover the author describing himself as a 'social safety netter' is indeed a surprise, and indicative of one of the central problems of the book. For one of Mr Friedman's most colourful arguments is that if nations are to attract international investment, they must don the 'Golden Straitjacket'. This means making the private sector the primary engine of growth, privatising state-owned utilities, eliminating tariffs and exchange controls and removing restrictions on foreign investment. It also means shrinking the size of the state bureaucracy. But Mr Friedman never really confronts the tension between this aspect of the Golden Straitjacket and his belief in social safety nets. As a rule, investors do not smile benignly on governments that put in place social safety nets and boost spending on health and education. Mr Friedman would have been better to acknowledge that there is a conflict between the policies that will be most effective in attracting investment, and those that serve to build human capital and ameliorate the worst excesses of the market.

Mr Friedman also falters when it comes to those whose traditional culture is threatened by the encroachment of Microsoft, Disney and McDonalds. Struggling to reconcile his respect for other cultures with his palpable adoration of all things American, he occasionally verges on the glib. In one instance, he tells of walking along a seafront walkway in Qatar, lined with palms and gardens, and suddenly being confronted by a giant Taco Bell restaurant. Yet he reassures himself with the thought that 'before Taco Bell ... there was probably a fly-infested sidewalk stand' (p234). When it comes to American culture versus diversity, Mr Friedman seems essentially unconcerned if the former wins around the globe.

Still, whatever faults one might express with portions of his analysis, Mr Friedman's outlook is indeed compelling, and not just for political scientists. Adapting his analysis to the Australian legal profession, it portends dramatic changes ahead. Economists now approach many problems from a global perspective, conscious that a purely national outlook is often overly restrictive. The globalisation of law is, with reason, a slower process. Nonetheless, there are powerful forces impelling it, among them the spread of international human rights law, readier access to analogous precedents in far-flung jurisdictions, and the emergence of truly international law firms.

Equally important is Mr Friedman's contention that globalisation brings together not just countries, but also concepts. His six 'lenses' – politics, culture, geopolitics, finance, technology and environmentalism – are a gauntlet thrown down at the feet of the narrow specialist. No longer is it possible for disciplines to remain walled off from one another. Those who are most successful are those who are not afraid of cross-fertilisation in the world of ideas. Ultimately, this erratic rollercoaster of a book delivers a powerful message: the world is changing, if you want to make the most of it, you must do the same.

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