

Tipping point

[Economics](#), [Trade](#)



Essay Synthesizing Readings; The Undercover Economist, The Tipping Point, and Travels of a T-Shirt in the Global Economy After reading the books; " The Undercover Economist", " The Tipping Point", and " Travels of a T-Shirt in the Global Economy" I am left thinking that the Global economy is actually more complicated and intricate than I ever thought and there is an interesting aspect of the world economy that is social. From the popularity of Hush Puppies in New York detailed in " Tipping Point" to the social networks of African used-clothing entrepreneurs discussed in the " Travels of a T-Shirt" or renters in London in " Undercover Economist" people all over the world are social beings and the World Economy is the result of these people's everyday choices, desires and needs. I really enjoyed reading all three of these books and there are some central ideas within them that were meaningful to me as a businessman and can help me going forward to combine to help me form a new framework to run my current business and I will discuss of few of these in this essay. The Travels of a T-Shirt in the Global Economy, business professor Pietra Rivoli takes the reader on a fascinating around-the-world adventure to reveal the life story of her six-dollar T-shirt. Traveling from a West Texas cotton field to a Chinese factory, and from trade negotiations in Washington to a used clothing market in Africa, Rivoli examines international trade through the life story of this simple product. Combining a compelling story with substantive scholarship, Rivoli shows that both globalization's critics and its cheerleaders have oversimplified the world of international trade. As Rivoli spoke with businesspeople around the world who played a part in her T-shirt's life, she was forced to confront her own assumptions about the political, economic, and ethical effects of globalization. Trained as

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while some chapters lapse into academic prose and tedious descriptions of bureaucratic maneuvering, her writing is at its best when it considers the social dimensions of a global economy, as in chapters on the social networks of African used-clothing entrepreneurs. Agent, Tom Power." Publishers Weekly (Copyright Reed Business Information, Inc.) Review: " Into this contentious debate, Georgetown University economist Pietra Rivoli injects a charmingly simple book titled *The Travels of a T-Shirt in the Global Economy*, which provides a readable and evenhanded treatment of the complexities of world trade by choosing an example that illuminates the whole." Tom Abate, San Francisco Chronicle Review: "... full of memorable characters and vivid scenes.... Rivoli excels at making connections." Time Magazine Review: "... fascinating exploration of the history, economics and politics of world trade... thought provoking." Fort Worth Star Telegram Book News Annotation: Rivoli (international business, Georgetown U.) starts in Texas, researching the cotton plantations and the history of American cotton, then travels with the cotton to China, watching the work go on at bottom dollar, then traces cotton's troubles at the border in terms of trade policy and the implications of the 2005 ending of protectionism. Finally, he follows the path of used cotton clothing from the U. S. to developing nations. Annotation 1/22006 Book News, Inc., Portland, OR (booknews. com) Book News Annotation: Rivoli (international business, Georgetown U.) starts in Texas, researching the cotton plantations and the history of American cotton, then travels with the cotton to China, watching the work go on at bottom dollar, then traces cotton's troubles at the border in terms of trade policy and the implications of the 2005 ending of protectionism. Finally, he follows the path of used

cotton clothing from the U. S. to developing nations. Annotation ©2006 Book News, Inc., Portland, OR (booknews. com) Synopsis: Learn about world trade from a T-shirt in this fascinating, around-the-world tale of a simple product in a highly competitive global marketplace. Over a five-year period, business professor Pietra Rivoli traveled from a Texas cotton field to a Chinese factory, and from trade negotiations in Washington to a used clothing market in Africa, to investigate compelling questions about the politics, economics, ethics, and the history of today's international business landscape. Looking closely at the lives of colorful characters from around the world, Rivoli uses her T-shirt to illustrate crucial lessons in the globalization debate and to demonstrate the impact of markets and politics on both rich and poor countries. A clear-eyed examination of the workings of the global economy, as well as an engaging story, this important narrative reveals surprising secrets of success in world markets - and its impact on individuals and communities around the world. Synopsis: Praise for THE TRAVELS OF A T-SHIRT IN THE GLOBAL ECONOMY The Undercover Economist presents the world-yours and mine-through the scrutinizing lenses of a curious economist. Not a thrilling prospect on the surface for most people but when you get through this book-and believe me, you will have no trouble getting through it-you may never want to take off those lenses. The book begins in the most universal of urban locations, the coffee kiosk, and takes us through a real-world crash course in economics minus the academic jargon. Author Tim Harford tackles small questions (how far would you walk to save 30p?) and some not so small questions (is globalization a good thing?) with wit and aplomb, revealing bits and pieces of economic principles that

unwittingly guide our everyday actions and interactions. If you ever wondered why supermarket ‘value’ brands look so unattractive, why it is virtually impossible to find a decent second-hand car, or how Shanghai catapulted itself to stunning modernity in mere decades, *The Undercover Economist* provides surprisingly simple, yet not simplistic, explanations. Harford takes us from the world’s most expensive home (£70 million in London’s West End) to the world’s worst library (just outside the city of Bamedia, Cameroon) and back again in time to realize that economics is, simply put, about people and their choices. While relying on solid theories, he demonstrates that the study of economics is inextricably tied to the study of human behaviour. He exposes us in a fascinating light—as “players in an intricate game of signals and negotiations, contests of strength and battles of wits”—revealing patterns of cost-weighting behaviour that crop up in the most unexpected of circumstances. If this book has a weakness, it is perhaps only a slight tendency to confound certain political points of view with moral correctness. This however, is a subtlety that does nothing to detract from either its credibility or its entertainment value. So...what does 19th century farming have to do with your frothy latte? And how does the £2.55 you paid for the latte relate to immigration policy? The answers, you may find, lie in London’s Green Belt.

1. Who Pays for Your Coffee?:
Introducing the concepts of scarcity and bargaining power, we learn that the premium price we pay for coffee on our morning commute to work has nothing to do with the quality of the coffee and everything to do with location, location, location

2. What Supermarkets Don't Want You to Know:
In a discussion on price-targeting policies, we see that the difference

between Whole Foods Market and Safeway has very little to do with the relative price of goods and a lot to do with who the shoppers are. 3. Perfect Markets and the 'World of Truth': What does truth mean in economic terms and how does it lead to perfect market efficiency? We see where efficiency is good, where it may fall short, and why it's not always fair. 4. Crosstown Traffic: Introducing 'externalities' and how they help deal with some of the major blights on our society: pollution, congestion, and fights with neighbours. 5. The Inside Story: George Akerlof's revolutionary 1970 paper reveals how inside information dramatically affects markets and why this means it's virtually impossible to buy a decent second hand car. 6. Rational Insanity: A paradox: economists study rational behaviour, but the more rational the behaviour of stock market investors, the more erratic the behaviour of the stock market becomes. We learn how a market full of unexploited opportunities offers big rewards to any investor willing to research them and how a 'rational' investment in Grolsch beer keeps the market nearly-random. 7. The Men Who Knew the Value of Nothing: A brief look at game theory reveals how auctioning radio spectrum air space is like playing poker. 8. Why Poor Countries Are Poor Self interest and ambition are often the cause of wastefulness in developing countries but a visit to the world's worst library in Cameroon shows that the real tragedy occurs when there is no law, press or democratic opposition to restrain the actions of powerful people. 9. Beer, Chips and Globalisation A peek into the histories of Antwerp and Bruges suggest that if you want to be rich, it is a good idea to forge links with the rest of the world. A discussion on globalising trends illustrates how foreign investment is good for economic growth and why

comparative advantage is controversial when it comes to trading with the Chinese. 10. How China Grew Rich: How did China grow from a mere minnow in the global trading scene to the fourth largest exporter in the world in less than 20 years? Incentives, education, investment and just a little bit of luck.

The tipping point Chapter Summaries Introduction Gladwell begins by discussing the inexplicable resurgence of then-terminally-uncool Hush Puppies shoes among a handful of hipsters in Manhattan's cutting-edge enclaves in the 1990s, a trend which soon spread across the United States and resulted in exponential increases in the company's sales. Using this phenomenon as an introduction to the book's analytical theme, the author states that he will identify, dissect and explain the mechanisms by which certain trends take hold, while others fail.

Chapter 1: The Three Rules of Epidemics Gladwell asserts that most trends, styles, and phenomena are born and spread according to routes of transmission and conveyance that are strikingly similar. In most of these scenarios, whether the event in question is the spread of syphilis in Baltimore's mean streets or the sudden spike in the popularity of Hush Puppies sales, there is a crucial juncture, which Gladwell terms the " tipping point, " that signals a key moment of crystallization that unifies isolated events into a significant trend. What factors decide whether a particular trend or pattern will take hold? Gladwell introduces three variables that determine whether and when the tipping point will be achieved. The three " rules of epidemics" that Gladwell identifies are: the Law of the Few, the Stickiness Factor, and the Power of Context. He concludes the chapter with a preliminary discussion of the Law of the Few, noting that the origins of most major epidemics of sexually

transmitted diseases can be traced back to the disproportionate influence of a few "super infectors" who are personally responsible for dozens, or in some cases, hundreds of transmissions. This role is analogous to the category of people that Gladwell identifies as "Connectors," who play an inordinate role in helping new trends begin to "tip," or spread rapidly.

Chapter 2: The Law of the Few: Connectors, Mavens, and Salesmen The attainment of the tipping point that transforms a phenomenon into an influential trend usually requires the intervention of a number of influential types of people. In the disease epidemic model Gladwell introduced in Chapter 1, he demonstrated that many outbreaks could be traced back to a small group of infectors. Likewise, on the path toward the tipping point, many trends are ushered into popularity by small groups of individuals that can be classified as Connectors, Mavens, and Salesmen. Connectors are individuals who have ties in many different realms and act as conduits between them, helping to engender connections, relationships, and "cross-fertilization" that otherwise might not have ever occurred. Mavens are people who have a strong compulsion to help other consumers by helping them make informed decisions. Salesmen are people whose unusual charisma allows them to be extremely persuasive in inducing others' buying decisions and behaviors. Gladwell identifies a number of examples of past trends and events that hinged on the influence and involvement of Connectors, Mavens, and Salesmen at key moments in their development.

Chapter 3: The Stickiness Factor: Sesame Street, Blue's Clues, and the Educational Virus Another crucial factor that plays a key role in determining whether a trend will attain exponential popularity is what Gladwell terms "

the stickiness factor. " This refers to a unique quality that compels the phenomenon to " stick" in the minds of the public and influence their future behavior. An interesting element of stickiness, as defined by Gladwell, is the fact that it is often counterintuitive, or contradictory to the prevailing conventional wisdom. To illustrate this point, Gladwell undertakes an in-depth discussion of the evolution of children's television between the 1960s and the 2000s. The PBS show Sesame Street represented a vast improvement in the " stickiness" of children's television, in large part because it turned many of the long-established assumptions about children's cognitive abilities and television-watching behaviors on their heads. These changes, based in large part on extensive research, resulted in a show that actually helped toddlers and preschoolers develop literacy. Years later, the television show Blue's Clues applied many of these same techniques to Sesame Street itself, resulting in the development of a program that research has shown can generate significant improvements in children's logic and reasoning abilities. The attribute of stickiness, Gladwell argues, often represents a dramatic divergence from the conventional wisdom of the era. Chapter 4: The Power of Context (Part One): Bernie Goetz and the Rise and Fall of New York City Crime Another crucial aspect of the complex processes and mechanisms that cause trends to " tip" into mass popularity is what Gladwell terms the Power of Context. If the environment or historical moment in which a trend is introduced is not right, it is not as likely that the tipping point will be attained. To illustrate the power of context, Gladwell takes on the strangely rapid decline in violent crime rates that occurred in the 1990s in New York City. Although Gladwell acknowledges that a wide

variety of complex factors and variables likely played a role in sparking the decline, he argues convincingly that it was a few small but influential changes in the environment of the city that allowed these factors to tip into a major reduction in crime. He cites the fact that a number of New York City agencies began to make decisions based on the Broken Windows theory, which held that minor, unchecked signs of deterioration in a neighborhood or community could, over time, result in major declines in the quality of living. To reverse these trends, city authorities started focusing on seemingly small goals like painting over graffiti, cracking down on subway toll skippers, and dissuading public acts of degeneracy. Gladwell contends that these changes in the environment allowed the other factors, like the decline in crack cocaine use and the aging of the population, to gradually tip into a major decline in the crime rate in the city.

Chapter 5: The Power of Context (Part Two): The Magic Number One Hundred and Fifty Clearly, in order for a trend to tip into massive popularity, large numbers of people need to embrace it. However, Gladwell points out that groups of certain sizes and certain types can often be uniquely conducive to achieving the tipping point. He traces the path of the novel *The Divine Secrets of the Ya-Ya Sisterhood* from regional cult favorite to national best-seller. Gladwell notes that the unique content of the novel appealed strongly to reading groups of middle-aged women in Northern California, and that these women were uniquely well-positioned to catapult the book to national success as a result of an informal campaign of recommendations and advocacy. Gladwell also remarks upon the unusual properties tied to the size of social groups. Groups of less than 150 members usually display a level of intimacy, interdependency, and efficiency that

begins to dissipate markedly as soon as the group's size increases over 150. This concept has been exploited by a number of corporations that use it as the foundation of their organizational structures and marketing campaigns.

Chapter 6: Case Study: Rumors, Sneakers, and the Power of Translation In this case study-oriented chapter, Gladwell discusses the rise and decline of Airwalk shoes. The brand was originally geared towards the skateboarding subculture of Southern California, but sought to transcend this niche market and attain national name recognition. They succeeded in this endeavor with the help of an advertising agency with a unique understanding of the factors and variables that influence the public's perception of "coolness." The marketing campaign ruthlessly honed in on and exploited several timely avatars of coolness, such as Tibetan Buddhism, pachuco gang culture, and hipsters' ironic embrace of preppy culture, rendering Airwalk shoes cool by association in the process. The company's unique strategy of offering unique products to boutique stores and a more mainstream shoe selection to department stores had long kept both cutting-edge hipsters and their more mainstream, impressionable counterparts content. However, as a cost-cutting measure, Airwalk eventually began providing all of its distributors with a single line of shoes. The delicate balance that had long rendered the company's products cool in the minds of the public was disturbed, and sales declined significantly.

Chapter 7: Case Study: Suicide, Smoking, and the Search for the Unsticky Cigarette In another case study, Gladwell discusses the relationship between a sudden, alarming rise in suicide among adolescent males in Micronesia and the persistent problem of teen cigarette use in the United States. In both instances, teens were induced to become

involved in potentially lethal experimentation. Gladwell asserts that both trends were predicated upon two main factors. First, teenagers are inherently, perhaps even genetically predisposed to imitate others and try on new behaviors and attitudes during adolescence. Second, the types of the people who are more likely to engage in dramatic, easily romanticized behavior such as early cigarette smoking or suicide are also more likely to be those that others tend to gravitate toward and seek to emulate. Gladwell also considers the origins and implications of the curiously large middle ground that exists between those who abstain altogether from potentially dangerous activities, and those who engage in them in a consistently low-level manner. In terms of cigarette use, these "chippers" typically never smoke enough to tip into full-blown addiction, and thus escape most of the ill effects of long-term tobacco use. Gladwell suggests that infrequent teenage experimentation with drugs or smoking should not be regarded with hysteria, but rather, should be accepted as inevitable and is, in all likelihood, benign.

Chapter 8: Conclusion: Focus, Test, Believe In this chapter, Gladwell concludes with an account of the type of solution that reflects an understanding of the concept of the tipping point: A nurse seeking an effective, low-cost way to raise breast cancer awareness among African-American women shunned traditional routes and enlisted the help of hairstylists. In this environment, she reasoned, most people are relaxed and receptive to new information in a way that most education efforts can't duplicate. Gladwell acknowledges that this type of thinking is often derided as being a "band-aid" solution that treats symptoms, rather than underlying problems. However, he asserts that these solutions are often the very type of

cumulative, low-key approach that can, over time, build to a tipping point of massive popularity and influence. Afterword In the newly-penned afterword to *The Tipping Point*, Gladwell updates a number of the case studies and anecdotes offered in the original text with new data. He also reconsiders the role of the Internet and Internet-related technologies, such as e-mail, and their impact upon the spread of trends and influence. However, he cautions that the overuse and sheer ubiquity of these formats can make the recipients "immune" to their effects. In *The Travels of a T-Shirt in the Global Economy*, business professor Pietra Rivoli takes the reader on a fascinating around-the-world adventure to reveal the life story of her six-dollar T-shirt. Traveling from a West Texas cotton field to a Chinese factory, and from trade negotiations in Washington to a used clothing market in Africa, Rivoli examines international trade through the life story of this simple product. Combining a compelling story with substantive scholarship, Rivoli shows that both globalization's critics and its cheerleaders have oversimplified the world of international trade. As Rivoli spoke with businesspeople around the world who played a part in her T-shirt's life, she was forced to confront her own assumptions about the political, economic, and ethical effects of globalization. Trained as a classical economist, Rivoli expected the story of her T-shirt to reveal the undeniable benefits of global free trade and the misguided ideas of the anti-globalization movement. Instead, she found that "free markets" usually aren't free; that even the staunchest allies of free trade regularly benefit from its restriction; and that the alleged "victims" of globalization are often its greatest beneficiaries. While the globalization debate remains centered on the perils versus the promise of competitive

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in Africa, to investigate compelling questions about the politics, economics, ethics, and the history of today's international business landscape. Looking closely at the lives of colorful characters from around the world, Rivoli uses her T-shirt to illustrate crucial lessons in the globalization debate and to demonstrate the impact of markets and politics on both rich and poor countries. A clear-eyed examination of the workings of the global economy, as well as an engaging story, this important narrative reveals surprising secrets of success in world markets - and its impact on individuals and communities around the world. Synopsis: Praise for THE TRAVELS OF A T-SHIRT IN THE GLOBAL ECONOMY " Pietra Rivoli has accomplished the nearly impossible. The Travels of a T-Shirt in the Global Economy bursts with life and color, humor and drama. At the same time, it is solidly grounded in theory, fact, and a nuanced insight into political economy." -Charles S. Pearson, Director and Professor of International EconomicsThe Johns Hopkins University, author of United States Trade Policy: A Work in Progress " Part travelogue, part history, and part economics, The Travels of a T-Shirt in the Global Economy is ALL storytelling, and in the grand style. Globalization critics who read this book will understand why it is impossible to lift countries out of poverty without the power of free markets, while policymakers will learn the equally bracing lesson that economic progress for the wealthiest of nations means nothing without the democratic political institutions that uplift the poorest of nations. A must-read." -Peter J. Dougherty, Senior Economics Editor, Princeton University Press, author of Who's Afraid of Adam Smith? " Professor Rivoli puts a human face on a subject that is often described as arcane and something only worthy of study by policy wonks. She captures

the politics, personalities, and policy considerations that shape U. S. trade policy and vividly describes how special interests influence who wins and who loses from global competition." -Former Ambassador Ronald J. Sorini, President, Trade Negotiations and Legislative Affairs Sandler, Travis & Rosenberg, P. A. " This book is unlike any text in International Economics 101. It's totally entertaining and without those dreadful equations. The Travels of a T-Shirt in the Global Economy tells the drama of globalization through real people and their daily lives. Rivoli recounts the trials of winners and losers on three continents. From a fascinating journey, she distills economic and political lessons that just make good sense." -Gary Clyde Hufbauer, Reginald Jones Senior Fellow Institute for International Economics, Washington, D. C. " Rivoli weaves together the stories of individuals, companies, and countries in the textiles and apparel industries to reveal a globalization that is empowering as well as entangling, and more surprising than we ever imagined." -H. Richard Friman, Eliot Fitch Professor of International Studies, Marquette University author of Patchwork

Protectionism back to top About the Author Pietra Rivoli, PhD, is Associate Professor at Georgetown University's McDonough School of Business, where she specializes in international business, finance, and social issues in business. She is the author of International Business and has been published in numerous academic journals, including the Journal of International Business Studies, the Journal of Business Ethics, Business Ethics Quarterly, and the Journal of Money, Credit and Banking.