

# The lexus and the olive tree



The Lexus and the Olive Tree, written by Thomas L. Friedman, is a thought provoking non-fiction book. The book talks about interesting topics, such as globalization and what countries all around the world need to do and are doing in order to keep up with the high pace of the world. Friedman takes subjects such as these, and with politically imbued rhetorical finesse, makes them pleasurable to read. He makes his book topics and issues captivating by the way he exposes them to the reader. Friedman's uses examples that are captivating, humorous and easy to identify with as well. The main topics Friedman uses in his book are: The Golden Straight Jacket, globalization, the Lexus and the Olive tree, and the Golden Arch Theory. Friedman's theme for the book is the first element a reader is presented with. The theme is portrayed on the cover page, " The Lexus and the Olive Tree." The Lexus symbolizes today's modern technology and period of globalization.

Globalization is a key subject in which " The Lexus and the olive tree" revolve around all through out the book. The Lexus name occurred to Friedman while at a Lexus car factory in Japan. Friedman was astonished at how one machine was able to do a complex movement just to eliminate one drop of excess glue. Friedman's Lexus symbolizes the process and pursuit of higher living standards, better computer technologies and bigger global markets. Friedman uses the example of an olive tree to represent everything that is important to us and that we consider dear to us. In a more detailed explanation, it is everything that " roots us, anchors us, identifies us and locates us" (Friedman 12). Examples of what the olive tree symbolizes are almost anything that constitutes a home for us; makes us feel part of something. These things are one's own family, community, religion, nation, or just a person's own view on a controversial subject. A moral and value

based conflict that is presently going on, is over what Friedman symbolizes as the olive tree; this conflict is the Israel - Palestine war. The Golden Straight Jacket is another example of Friedman's wonderful use of creative examples and at the same time, a touch of humor. Other authors could have made this interesting book boring by just giving out the context of the book in a bland way. The Golden Straight Jacket is what countries need to put on in order to be at pace with the world and its rules. It is a Golden Straight Jacket because once a country puts it on, lots of benefits will come its way and make the country richer. At the same time it is like a straight jacket because once it is put on, if the country wants to maintain it, the country must follow a series of guidelines and restrictions. A country, in order to put on the Golden Straight Jacket must above all be transparent, meaning that any investor or person can see how the country is doing and how it is using its funds." The countries' books must be open to all" (Friedman). It should also fit into what Friedman calls the golden rules. These golden rules consist of making the private sector of a country's economy the primary contributor towards the economy, keeping inflation along with price stability, significantly decreasing tariffs on imported goods, diminishing the size of the country's state bureaucracy, keeping the budget as balanced as possible, eliminating restriction on foreign investment and the privatization of state owned industries, to name a few. The result of all these would be stability, predictability, transparency, and the ability to protect private property from arbitrary or criminal confiscation (Friedman 105). Most of these rules/strategies are in the long run beneficial for a country and its people. It is most important to note that the longer a country waits to put on the Golden Straight Jacket, the farther away it is left from the pack. Without the

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Golden Straight Jacket, economic growth takes much more time. An example of a country like this is Cuba. If a country succeeds and abides by the rules, then it will start receiving benefits. One of the benefits of the so called Golden Straight Jacket is the Electronic Herd. The Electronic Herd is a group of companies that were born during the Cold War. There are two types of Electronic Herds. Friedman calls them the short-horn cattle and the long-horn cattle. The short-horn cattle are composed of people buying and selling bonds, stocks and currencies from all around the world. Examples of these companies are insurance companies, currency traders and individual investors. The second type, the long-horn cattle, are the big international companies that are involved in foreign direct investment. Friedman gives the name long-horn cattle because these companies are involved in long term deals with the countries that they are associated with. Examples of these companies are the General Motors, the General Electrics, the IBM's, and the Siemens. Global corporations, governments along with trade organization, push for the development of standards. These standards are very important especially in e-commerce where one can not meet the buyer personally. Friedman uses EBay as an example of the current development of standards. EBay is an Internet site which is open 24 hour a day 7 days a week. It basically lets anyone with an internet connection and a credit card do business with anyone who has the exact same things. You can buy and sell products to anyone in the world. If somebody wants to cheat someone out they will end up with a bad review from the person whom he cheated and that can be seen by anybody thus affecting future business for the cheater. The Internet is as competitive as it gets. Through it one can easily surf through the web for buyers to obtain the lowest prices. It is a very efficient

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way of shopping around because one does not have to worry about the extra cost of moving around and using costly resource to do it, such as gas. E-commerce is now a very popular and efficient way of doing business, especially with the improvements in worldwide shipping. Highly effective countries are in itself like a successful company. They both do not become powerful and successful by just having a good product. There are 9 important habits which Friedman talks about. If a country possesses these 9 habits then it is more likely than not guaranteed to be highly efficient. These habits should be adopted by developing countries in order to prosperously grow. The first habit that Friedman illustrates deals with how fast a country can adopt a new innovation and transform it into a commodity. There is a never ending race between countries to adopt new technology in order to stay ahead or just stay in the game. This is a lot alike Charles Darwin's theory of evolution, the survival of the fittest, just that in this case, it is the survival of the fastest. The second habit requires putting a lot of investment in knowledge and education. An example of a country that has done this is China. China has invested an enormous amount of money towards education. They are smart in doing such because, due to this investment, China is growing at a very high rate, and now plays a key role in the global markets. Countries must use the knowledge that they already have in order to become bigger and better, " companies and countries that learn to use their networks most efficiently are those that will thrive" (Friedman 221). The third habit deals with the decrease of bulk weight. This means is for bulk weight to be substituted with new technology. The more sophisticated a product, the smaller the better, the more productive the product gets to be. An example of this substitution is illustrated in the following quote by

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Friedman, "Your 125-pound receptionist behind a 200-pound desk has probably already been replaced by a tiny voice-mail device in your phone that weighs less than a feather" (Friedman 223). An example of such a country is Switzerland. Instead of producing and exporting large airplane engines, they export small products with a high quality such as watches, army knives, and chocolates. The fourth habit is the transparency of a country. This was previously mentioned as a characteristic of a country that the Electronic Herd looks for when deciding where to put its next factory. Ways of being open are eliminating tariffs and letting anyone see your current financial state. This, mixed along with creativity, will lead to higher living standards. The fifth habit is similar to the fourth in which transparency is key for the success of a country. The more open a country is about its financial situation and government policies, the more companies would be interested in doing business inside this country. An example of a non-transparent country is Japan. Countries such as Japan in the long run "will find themselves competing against formerly poor nations, whose public policy environment favors transparency" (Friedman 231). The sixth habit deals with the importance of proper management. It illustrates how management and strategic vision is crucial for the success of a company. Friedman's seventh habit talks about how a company or a country needs to be aggressive in today's very competitive world markets. It emphasizes how a company should take advantage of innovations before others do. It says how companies should kick a company when it's down instead of letting it recuperate. Friedman's eighth habit is about how one country or company should be good at making friends. Establishing good relations between companies and countries is very important because it leads the way for more

and better business deals that will help in the economic growth of both countries. Last, but not least, Friedman's ninth habit deals with why company or country should possess a good brand. This is very important because having a good brand leads to a good reputation of high quality which is essential for customers and investors. Friedman has a funny, yet interesting theory called The Golden Arch Theory. This theory consists that no two countries have gone to war with each other since they both had a McDonald's fast food restaurant in their country. As with all the other humorous examples that Friedman uses, there is a lot of truth behind it. This theory tries to illustrate that when a country's middle class population is big enough, then war does not result in a favorable manner toward them. This is because they both now have a lot to lose and as Friedman states "people in McDonald's countries (where the middle class is big enough) do not like to fight wars, they prefer to wait in line for hamburgers- and leaders that ignore this fact will pay a much, much higher price than they think"(Friedman 253). Friedman's theory was proven wrong in April of 1999 when nineteen NATO countries all containing a McDonald's in their country fired an air strike against Yugoslavia, which also contained a McDonald's restaurant (Friedman 251). Even though this theory was proven wrong, a lot about it is true. Two countries would be foolish to engage in war with each other especially when both countries have a lot to lose. When one thinks of it, no matter how powerful and technological a country is, and how poor their rival is, the negative consequences 99.9% of the time outnumber the positives. An example of this is the current war on Iraq. Even if it's the super power of the world (United States) versus a country that is struggling from within, the consequences and losses are still detrimental and highly significant. The

recent study by Columbia University economist Joseph E. Stiglitz (winner of the Nobel Prize in economics in 2001) and Harvard lecturers Linda Blimes both concluded that the war could cost the United States slightly over \$2 trillion, not to mention the 2, 294 American lives and countless families destroyed (www. csmonitor. com); when two countries go to war there is never a winner - both countries lose in the end. Fareed Zakira is quoted as saying " Because what globalization does is empower the common man. It empowers common men and women to have all these choices, and when that happens it is inevitable that they will make the choices that seem the most attractive... may want to strip malls along every street and Taco Bells on every corner." What Zakira said is true. Due to globalization, today's technological world blurs the line of impossibility. A single man can raise an empire and if the demand is strong enough one can " strip malls along every street and Taco Bells on every corner" (Freidman 325). An example of such, is the Starbucks franchise. It is amazing how many Starbucks one can find and so close to one another. There are more then 4 Starbucks in a single mall at times! As long as it is a good product and the demand is high enough, one can fill the world with it. The Lexus and the Olive Tree is overall a marvelous book thanks to its author, Thomas L. Friedman. This book enhances and explains in a fun and interesting way how the world and its countries are globalizing. This book will change your view of the modern world, and is a type of manual for future countries or company leaders on how to efficiently and prosperously run their establishment. The Lexus and the Olive Tree does all of this and more; it grabs all the complicated terms and concepts and reformats them into simple symbols and entertaining



illustrations. Friedman's book is highly recommended to anyone who wants to learn about globalization and its consequences.