



Outside the box: How globalization changed from moving stuff to spreading ideas

by Marc Levinson, 2020, Princeton University Press, New Jersey, 288 pp, \$18.95, Paperback, ISBN: 9780691227092

Satya Sahoo¹

Published online: 28 March 2022
© World Maritime University 2022

Due to the development of technology and the ability to physically and informationally connect the globe through networks of supply, chain and internet facilitate globalization. Though globalization enhances efficiency and promotes competitive advantages and economies of scale, reducing the overall cost of production, it sometimes does not consider the risk of supply chain disruption. During the current COVID-19 pandemic, global supply chain disruption affects various production and distribution centers. So, the critical question is can globalization provide a perfect solution, or it should be combined with resilience for a sustainable and efficient supply chain.

This book provides an extensive history of globalization from the 1700s to the evolution of the *long* supply chain after the 1980s, where production and consumption centers are spread around the world. The rapid growth of globalization can be attributed due to its three significant benefits: (i) it leads to more competition, making the goods cheaper; (ii) more competition in the market provides a variety of consumer choices; and (iii) it promotes efficiencies and makes the inefficient business redundant. Despite the benefits the globalization, the book argues that the individual actors in the supply chain, such as manufacturing companies, shipping liners, and even governments, look at optimizing their operations, overlooking the efficiency of the global supply chain. For example, as mega-container ships are built to meet the economy of scale of transportation, they cannot utilize the space entirely, and the restriction of calling multiple ports does not always promote efficiency. Along this line, governmental organizations also subsidize the production units for promoting globalization; however, it may not be sustainable in the long run.

The book critiques the top management of the global companies for following the trend of globalization with a myopic vision for just reducing their production

✉ Satya Sahoo
srs@wmu.se

¹ Shipping and Port Management, World Maritime University, Malmö, Sweden

or service costs instead of considering the risks of global supply chain disruption. Though the author did not have a strong opinion on whether globalization is good or bad, he urges the readers to think holistically while planning for globalization. The management should not only look at reducing costs by setting up production units in regions with lower labor and operation costs but also consider the resilience of their supply chain. Setting up the production units at a single location might be cost-effective but can also encounter the risks of supply chain failure under an adverse situation. So, companies need to develop risk management strategies to understand the cost and benefit of globalization vis-à-vis resilience. The global transportation of goods has reduced relative to the world economic growth after the 2008 financial crisis, which might indicate a growing concern about globalization. The countries adapting globalization has changed over time - for example, during the 1830s–1980s, the developed countries were beneficiaries of globalization while the less developed countries were reluctant as the developed countries were able to export the products to the lesser developed countries. However, after the 1980s, due to the increase in the labor costs in the western nations, the manufacturing units moved to the lesser developed countries providing better job opportunities. Hence the developed countries are resilient to globalization.

For the detailed understanding of the readers, the book consists of five parts: each part has four chapters, summing to a total of twenty chapters. The part I, with the heading “Coming Together,” explains the way traders were thinking of globalization, development of the concept of globalization, impact of crisis, and rise of regulatory measures on globalization and integration of the work after the world war(s) that promoted globalization. The part II, as “One World,” describes the importance of containerization in supporting globalization, the global economic stability after the second world war encouraging banks and financial institutions to invest in the less developed economy for promoting industrialization with an expectation of higher return, deregulation around the world in the 1990s promoting free trade, and innovation facilitating global manufacturing. Part III, titled “Tales of Excess,” provides the infusion of government subsidies in the manufacturing and transportation section, mainly in Asian countries, to promote local industries and improve the income level and quality of lifestyle in a short span of time. “Global Fears,” as part IV, explains the unseen risks associated with globalization for transportation companies, manufacturing companies, and financial institutions. The shipping lines tend to build mega-ships to achieve economy of scale but encounter high demand uncertainties, while the manufacturing companies tend to ignore the supply chain’s resilience while developing their production units. Due to the rise in the financial crisis (such as the US sub-prime crisis and European sovereign debt crisis), the financial institutions also restrict themselves on global exposure generating backlash on globalization in various regions around the globe. Finally, the part V concludes the book with “The Fourth Globalization”; private and public companies encourage mergers and acquisitions to achieve economic sustainability, and developing countries care more about environmental and social sustainability; the demographic of trade has changed over time while countries cooperate to facilitate modern free trade. With the growth of living standards around the world, it is becoming even more challenging to change the course of globalization, hence demanding policymakers to look at

globalization from a different point of view for the overall development of human society.

The book provides a good overview of the trade, containerization, and its impact on globalization from a journalistic point of view. It is an interesting read for undergraduate and master students and professionals who are new to international trade and shipping but want a career in this industry. The new readers might also consider the book *The Box* by Levinson (2008) to understand the history of containerization and innovation as a pre-read before reading this book. On the other side, matured readers in the field of international trade and globalization with academic inclination might find this book less informative, for them, reading a classic book like *Wealth of Nations* by Smith (1991) or modern books like *Globalization and Its Discontents* by Stiglitz (2002), *Making globalization work* by Stiglitz (2007), and *International Economics: Theory and Policy* by Krugman et al. (2017). *Economics of maritime business* by Ma (2020) can also be helpful for international trade and global supply chain readers with limited exposure to maritime economics.

Despite the limitation of attracting the academic audience, this book is an interesting addition to the reading list of professionals and policymakers, which will help them think *outside the box* to integrate globalization and resilience for a sustainable global supply chain that is essential during this uncertain and challenging times. Nevertheless, this book can also serve as an idea-generating platform for academic readers in the field of globalization and international trade.

References

- Krugman PR, Obstfeld M, Melitz M (2017) *International economics: theory and policy*, Global Edition. Pearson Education Inc., Boston
- Levinson M (2008) *The box: how the shipping container made the world smaller and the world economy bigger: with a new preface by the author*. Princeton University Press, Princeton
- Ma S (2020) *Economics of maritime business*. Routledge, London
- Smith A (1991) *Wealth of nations*. Prometheus Books, Buffalo
- Stiglitz JE (2002) *Globalization and its discontents*. Allen Lane, London
- Stiglitz JE (2007) *Making globalization work*. W.W. Norton & Co, New York

Publisher's note Springer Nature remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.