Flat and Underpants Notes

Why is it titled the World is Flat?

Barriers to communication and movement of capital and business have been flattened in the past several years. People and companies all over the world can compete and collaborate as never before. In particular, people and companies in China and India are becoming ever more competitive in providing goods and services to the American market.

What does this have to do with Marx?

He said Kism ignores countries and just goes for efficiency and profit. He got that exactly right.

He said there would be a world literature. World food. World entertainment, movies, sports.

Companies have never had more freedom and less friction. P. 16

What is “batters down Chinese walls” about? P. 6

1840s Britain wants to sell opium, but China says no. Britain attacks and defeats China. Treaty of Nanjing (1842) forces China to allow import of opium, Christian missionaries. Next year, Brits get Hong Kong.

What is the balancing act for the state of Indiana?

On one side, the state is responsible to its taxpayers to get a quality product for the lowest price. Why pay more than we have to? But it's a big flat world out there. Often enough the low-price bidder is a company from outside Indiana.

That leads to the other side of the balancing act. Indiana can improve its economy if it spends public dollars inside its own borders. If an Indiana business gets a contract, jobs are created and incomes are higher. Those new and higher incomes create more spending on Indiana goods and services, which create more jobs and higher incomes.

So, what do we do if the bids from Indiana firms are high? Hire an outside firm and lose Indiana jobs? Or hire an Indiana firm, and cost the taxpayers extra money?

Some actual numbers for the trade-off. What would you do?

There's an economic argument for giving Indiana firms at least some advantage in bidding for contracts. Buying Indiana increases Indiana incomes. This increases Indiana tax revenue. The net cost of an Indiana contract is less because the state gets some of its money back in taxes. Back-of-the-envelope figuring puts that cost reduction at perhaps 10 percent.

The India bid was 35 percent less than the next lowest bid though. There's no doubt it cost the state more to buy Indiana instead of buying India.

Apple and taxes—what do you think?

Tax haven in Ireland. “Double Irish strategy.” They avoid US taxes. Under political pressure to not do that. They are an American company and so should pay US taxes. What do you think?

Lenovo refuses to say where it is headquartered. P. 18

Underpants

Places I’ve been on the map. Where have you been?

What is this journalist doing in Urumqi?

That’s the end of the line. That’s where the underpants are made. Esquel Textile Company.

US had a strong textile base in the South. It was a strong source of unionization. Norma Rae.

How are underpants made today?

Cotton grown in US and shipped to China and product shipped all over the world.

How are the working conditions?

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