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'How the World Ran Out of Everything' Review: Supply Chain Scramble

With the onset of Covid, transport of goods ground to a halt and retail shelves went bare. The problems were accelerated as governments worked to spur demand.

By *Marc Levinson*

June 7, 2024 12:32 pm ET



A shopper stocks up on supplies at the onset of the Covid-19 pandemic. PHOTO: BOSTON GLOBE/GETTY IMAGES

The backlash against globalization has created an inordinate longing for an imagined past. Do we really miss the days when auto imports were few and innovation meant building ever-larger cars with ever-larger V-8 engines? Should we go back to the halcyon 1980s, when high tariffs on imported apparel preserved the jobs of half a million workers who eked out bare livings in cut-and-sew plants? Were we better off when the regulators told truckers what types of

freight they could carry, what highways they could use and what rates they could charge?

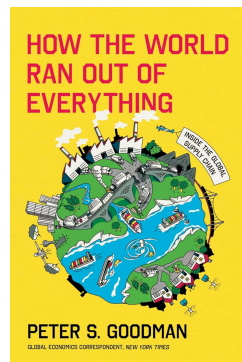
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How the World Ran Out of Everything: Inside the Global Supply Chain

By Peter S. Goodman

Mariner Books

416 pages



In “How the World Ran Out of Everything,” a colorful and very readable look at how the Covid-19 pandemic wreaked havoc with supply chains, Peter S. Goodman makes clear that he doesn’t think much of outsourcing, offshoring and just-in-time manufacturing. He contends that the late deliveries and barren retail shelves of 2021 and 2022 were the consequence of a yearslong effort to cut costs and boost profits by shifting production overseas. “The

executives of publicly traded corporations and their hired enablers in the political sphere have played make-believe with the world economy,” he writes. As he describes the situation, the past few decades of globalization, at least insofar as manufacturing is concerned, were pretty much a mistake. (Disclosure: Mr. Goodman draws extensively on my book “The Box” in his discussion of container shipping and praises it in his acknowledgments.)

Mr. Goodman writes about the international economy for the New York Times, and his book is something of a reporter’s notebook. We meet a California almond grower, a Dutch dock worker, a Queens, N.Y., truck broker and many others engaged, in one way or another, in international trade. His lead character is the Mississippi entrepreneur Hagan Walker, the co-founder of Glo, a small company with a breakthrough deal to sell light-up plastic cubes that feature the Sesame Street character Elmo. Mr. Walker found the cost of making the cubes in U.S. factories prohibitive. In December 2020, a year after the onset of the pandemic, he ordered 21,196 Elmo figures from a plant in Ningbo, China, to sell during the 2021 holiday season.

By the following summer, containers were in short supply, ship lines were turning away cargo and the Chinese government was closing ports to stop the spread of Covid. Mr. Walker desperately sought transportation for a single

container on which the future of his company depended. Elmo finally reached Mississippi in November, months behind schedule, miraculously arriving beneath Americans' Christmas trees just before the holiday.

Mr. Goodman uses Elmo's travails to illustrate his point that "the contemporary supply chain was constructed by and for the benefit of enormous publicly traded companies, from big-box retailers like Walmart to e-commerce giants like Amazon along with sprawling ocean carriers, railroad monopolists, and agribusiness goliaths." Thanks to deregulation, he writes, big transport companies were able to do favors for big customers, while small customers, such as Glo, were left to fend for themselves. The supply-chain breakdowns of the pandemic years, he insists, "were not an accident, but rather the outgrowth of a concerted strategy" of increasing concentration in industries from cattle slaughtering to container shipping, so "companies with dominant positions in their industries were positioned to exploit the pandemic as an opportunity to lift prices."

This critique of globalization is accurate in part. Many companies, and many investors, failed to understand the risks of long, complex supply chains. Firms kept too little inventory and relied too much on third-tier suppliers whose identities they didn't even know. Workers in many countries were displaced by the sudden shift of production to Asia, and real wages in many industries stagnated or fell.

But there's a lot missing from this story. Mr. Goodman focuses entirely on how long-distance supply chains affected the U.S.; you wouldn't know that those supply chains were tangled in other places, notably in Europe, or that they also helped bring billions of people out of poverty in countries like China, Vietnam and Bangladesh. His claim that supply chains were designed to help the big at the expense of the small doesn't stand up. Amazon was an unpromising startup in the 1990s before it figured out how to outdistance established retailers, in part by mastering supply-chain management. Apple was no corporate giant at the start of this century; it became one precisely because it outsourced much of its manufacturing to a Taiwanese company that operates in China. Glo has been able to build a business making light-up cubes only because an international supply chain delivered its goods.

The book's most serious omission, though, is one that doesn't lend itself to on-the-scene reporting: macroeconomic policy. The world didn't run out of everything because of tangled supply chains. The cause was the coordinated effort of governments and central banks around the globe to stimulate consumer spending in the summer of 2020 in order to steady a world economy in freefall. Many types of services were unavailable, so consumers everywhere spent their windfalls on physical products. Even if U.S. supply chains had been entirely domestic, they would have been hard-pressed to handle the massive increase in purchases of goods between spring 2020 and spring 2021. That ships, trains and trucks could not meet the spike in demand is no surprise.

In the end, Mr. Goodman is less concerned with supply chains than with the inordinate influence of large corporations and wealthy individuals over public policy. "When parents cannot locate crucially needed infant formula, we justifiably surrender faith in the workings of the modern marketplace," he writes eloquently. He calls for stricter antitrust enforcement and "a return to the mode of governance that prevailed in the United States from the end of World War II through the late 1970s." There's something to be said for that. But those postwar years were also a time when import protection kept hopelessly inefficient industries afloat and a driver could not start his own delivery company without proving that public convenience and necessity required its services. We need to be careful what we wish for.

—*Mr. Levinson's most recent book is "Outside the Box: How Globalization Changed From Moving Stuff to Spreading Ideas."*

Appeared in the June 8, 2024, print edition as 'Too Much And Never Enough'.

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