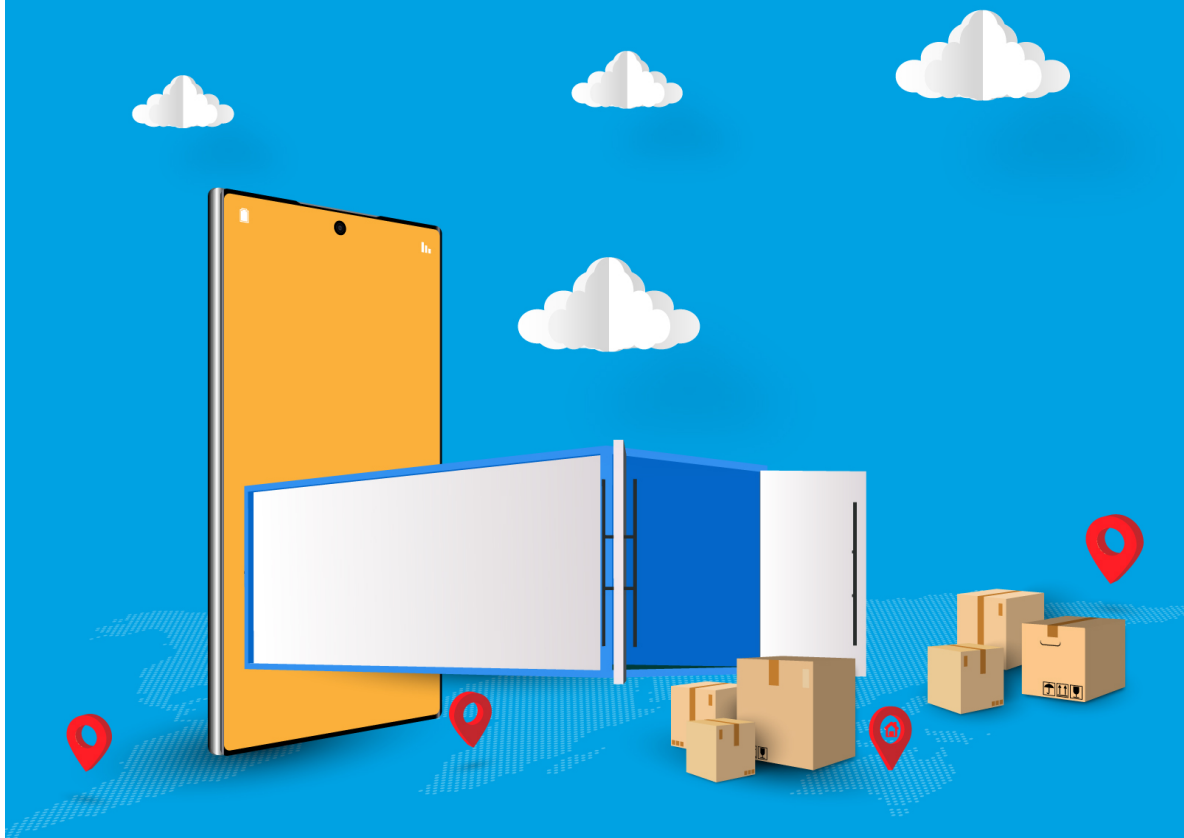


SUMMARY

THE BOX

MARK LEVINSON



The Box” by Mark Levison

Written by Alyssa Burnette

How a simple box has changed the world.

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Introduction

When it comes to boxes, you know the drill. (Especially while the world is on lockdown!) You see something you like on Amazon. With two clicks on your smartphone, you've bought it, and thanks to the next-day magic of Prime, a cardboard box with a bright blue stripe appears on your doorstep the next morning. We're not excited by boxes; they're a nondescript facet of everyday life. If boxes generate a second thought at all, it's because our cats look cute playing in them. But the humble box is actually more important than you think! In fact, without the advent of this one simple shipping device, Amazon Prime probably wouldn't exist and our lives would be a lot more boring. According to the author, if it weren't for the box, we might still be living in the dark ages of shipping! So, over the course of this summary, we'll chart the history of the box and learn how it's revolutionized both our lives and the future of global marketing.



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The Value of a Container

As we embark on our journey to explore the history of shipping, it might surprise you to know that boxes are not the sole focus of our analysis. Or at least, not boxes which exclusively fall into the Amazon prime category of shipping containers. That's because we're going to examine the broader category of shipping containers as a whole. And for the purpose of this chapter, that definition incorporates anything that is relatively box-like in shape, whether that's an outdoor storage unit or a delivery truck. It could be a cylindrical container of coffee or wine! So, why are these containers relevant and how did they impact the future of shipping?

The evolution of containers is significant because it engineered a dramatic reduction in international shipping costs. In fact, as soon as the world's first shipping containers were released in 1958, they paved the way for a new mode of convenient and inexpensive transportation. This was especially impactful on an international scale because, prior to the advent of international container standardization, international trade was so expensive that it could cripple a business immediately. That's because international shipping costs-- combined with international taxes, fees, and the payment of additional transport workers-- comprised 15% of the costs for all US exports! Importing goods was less expensive at only 10%, but even this could severely damage a business.

So, even though it might have benefited a company to expand and sell its goods in another country, the dangerously high costs of international trade meant that it was rarely worth it! As you can imagine, this results in extremely detrimental limits that are unhealthy for a country's economy. But the advent of shipping containers meant that a variety of goods could be transported quickly, efficiently, and inexpensively. And that was a game-changer for both local and international trade. Containers also opened the door for a variety of different types of shipping, like the ability to send large goods via the postal service or through airplanes.

Given that shipping had once been tied almost exclusively to boats and their ability to cross great distances, a variety of options was an unexpected and delightful blessing. It was also a welcome financial change, given that 65-70% of all shipping costs had previously been connected to the docks and the dock workers who formed a vital labor force for the shipping industry. The ability to diversify shipping methods meant that merchants had the option to choose new, different, or inexpensive modes of transportation. However, that's not to say that using boxes was an entirely new idea that sprang up in the 1950s; certainly, merchants had been using boxes as a type of shipping container for many years before.

But boxes weren't always a feasible or user-friendly method for shipping all types of goods. That's why there was a demand for the invention of new types of containers-- cylinders, freight carriers, bigger boxes, or even an update in box design. Because no standard for container design existed, most boxes were designed for one specific type of shipping or even for only one use. This meant that many boxes had already fallen apart by the time they reached one destination. If they needed to travel further, whether it was by train, by plane, or by ship, they needed to be re-packaged on 9 occasions out of 10. This made shipping an unnecessarily complicated and time-consuming process (although it did guarantee job security for anyone who wanted to work at the docks!)

Improvements in container design changed all of that. And surprisingly, this was also something of a welcome change for the dock workers themselves. It was similar to industries such as coal mining in that it was back-breaking, menial, and often hereditary work. Because the docks created their own sorts of communities and cultures, many families found their identities in their work with the docks. As you can imagine, this motivated many future generations to pursue the same line of work as their fathers and grandfathers. This culture therefore frequently prevented future generations from seeking better options that might enable them to break the family cycle of poverty. But work on the docks posed other risks too. Workers had little in the way of healthcare options, worker's rights, or job security, and

this generated a toxic culture of corruption and paranoia. Work on the docks was indeed a community, but that community was often characterized by back-stabbing and sabotage among the workers.



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How Container Shipping Got Started

Advent of containers and the automation of the shipping process was single-handedly engineered by one man with a plan. His name was Malcolm McLean and he was a millionaire who had built his fortune through a trucking empire. Because his entire livelihood was predicated on shipping, McLean was always on the lookout for new ways to improve his industry and save a buck. And after years of struggling through the costly and complex process of the current shipping system, he decided there must be a simpler way to do it. He had built his fortune by shipping on land with the aid of truck trailers. But if he wanted to expand, he thought, “Why not combine the best of both worlds? What if you could put truck trailers on a boat?”

His idea wasn't accepted by the current standards of shipping regulations, but that didn't matter because his idea was a spark that ignited a far more substantial fire. McLean easily accepted that he couldn't combine the two worlds, so he decided to play for the other team and dive into the shipping industry. His aim was to learn everything he could about shipping via boat and find a way to make the system better. And that's exactly what he did. He quickly realized that, although the premise of his trailer idea had been sound, in practice, it wouldn't be very effective. The trailers would be too bulky, too heavy, and thereby inefficient. But if he could standardize a type of box that was similar to a truck trailer, he knew he would have found the right solution.

So, he set about designing a user-friendly aluminum box that could hold a variety of goods. The box had to be safe and secure and eliminate the need for re-packaging in transit. Once he had established that design, he knew he needed a more efficient way of loading the boxes, since it was too heavy and cumbersome for a team of dock workers to lift. And that's how he began automating the shipping process through the use of cranes. This idea led him to work with construction companies, automaters, and designers to craft cranes that were capable of safely lifting tons.

But although his ideas were rapidly revolutionizing the shipping industry, they quickly met with opposition. The automation of the shipping process might have enabled dock workers to pursue a better life, but they didn't see it that way. They had built their livelihood on their work at the docks and they were afraid that their identities and incomes would be ripped away. So, long before McLean's prototypes were ready for mainstream use, the dock workers went on strike. Unsurprisingly, this resulted in substantial expenses for merchants and shipping companies alike, along with a lot of bad press for McLean. His ideas might make the world a better and more efficient place in the future, but at the moment, no one wanted to get involved with the controversy his revolution was igniting.



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The Transformation of the Shipping Industry

Eventually, however, McLean found someone who would say yes to his idea. His big break occurred when he made the decision to move away from New York-- the country's current shipping hub-- and carve out his own territory in an unlikely place. Because New York had prime access to all the major ports, it had rapidly become the nation's most desirable shipping location. New Jersey, being all but land-locked, was considered less advantageous for obvious reasons. But McLean quickly realized how he could make New Jersey's "disadvantage" work in his favor.

It started with revolutionizing both the production and shipping of goods. Here's how it worked: under the current system, it was time-consuming and costly to import any goods to New York. Even if you weren't attempting to ship internationally, any items that entered New York from other cities had to be transported by rail and make their way through New Jersey first. From there, small ships would take the products to New York, where they would either be sold in New York or carry on to bigger ships that could accommodate large quantities of goods for longer distances. Because this was so inconvenient, most people simply gave up and found ways to manufacture their goods in New York, if for no other reason than to avoid the hassle!

But because so many things still had to pass through New Jersey anyway, McLean rapidly realized that he could encourage manufacturers to set up shop in New Jersey. He found a spot in Newark that would let him try out his idea and he began encouraging manufacturers to take advantage of New Jersey's premium network of highways and railroads. They might not be right on the coast, he argued, but they still had great opportunities for shipping. And to sweeten the deal, he could make their shipping experience faster and less expensive. Unsurprisingly, it wasn't long before New Jersey's shipping market started thriving. Overnight, they had almost replaced New York as the country's number-one shipping hub! One-third of manufacturing jobs in New York were made redundant. One-fourth of the

city's factories closed. Customers were increasingly uncomfortable about the rise in strikes and violence from the angry dock workers and this provided additional motivation for many manufacturers to relocate to New Jersey.

But of course, this wasn't a popular decision in New York. Under pressure from the city and their employees, the dock workers' union began protesting McLean and his containers. They were a convenient scapegoat for the burgeoning changes in the city and a prime target for the people's fear of modernization. And as the years went by, the tension only escalated. McLean's business was booming, but it wouldn't survive a continuous increase in conflict. And yet the tension dragged on for years! Finally, however, in the late 1960s, McLean's negotiations with all the parties involved reached an agreeable solution.

Although he recognized that many people were afraid of progress, McLean also understood that neither the American people nor the shipping industry could remain in the dark ages forever. It was necessary for progress to triumph, but no one wanted innocent people to get hurt unnecessarily. So, at long last, the shipping companies agreed to compensate the frightened dock workers and create a pension scheme that would sustain them when they inevitably lost their jobs to automation. The unions agreed to implement increased protections for the workers, starting with a system that would ensure they consistently got paid. With these protections in place, the dock workers agreed to put an end to their strikes, and the unions and shipping companies allowed McLean to proceed with his attempt to modernize the shipping industry. However, we were well into the 1970s before container standardization was achieved and ships were designed to properly accommodate containers like McLean's!



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Final Summary

Today, we rarely give a second thought to the developments that have enabled us to reap the benefits of Amazon Prime and next-day shipping. We probably never think about the boxes our prized possessions arrive in. But the history of shipping is actually rife with long and arduous struggles over the development of shipping containers. In order for us to enjoy the benefits of modernization, many rules have been re-written and many people have lost their jobs. But although initiating progress was scary, the story of Malcolm McLean and the world's first standardized shipping containers indicates that change is possible if you're willing to work for it. It may take years of intense struggle, but McLean's battle forever changed the face of modern shipping. It also enhanced the onset of globalization and enabled countries around the world to enjoy the benefit of international trade.



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