

## **Report on the Talk by Mr. Ben Boothe on ‘Who Will Own The 21<sup>st</sup> Century?’**

India Development Foundation (IDF) invited Mr. Ben Boothe, economic consultant and lecturer for the World Bank and USIS (under U.S. State Dept.), to present his perspective on **Globalization: the winners and losers**, on July 2, 2003 in Gurgaon.

Mr. Boothe started by opening up three questions for discussion that he felt has arisen due to globalization. Who will own your community, who will govern national interests and which nation will dominate?

Talking about the evolution of money, Mr Boothe pointed out that money today was only backed by government promise and not by gold as practiced earlier. The symbolic nature of money thus makes confidence in a country the foremost factor for its stability and growth. However, pressure on countries to deregulate has threatened this very stability. According to his analysis of the eras of growth in the US, instability only existed before and after the period of 1934-1971, but the thirty five years of highly regulated markets had spurred growth and saw a reduction in wage inequality through the rise of the middle class.

Mr. Boothe discussed how the ownership of important institutions of a country need to remain in the hands of its citizens, as they are vital for stability and preventing sudden shocks, like those experienced in parts of Latin America and Russia. The introduction of larger ‘giant’ companies has led to minimal reinvestment in the local economies of countries, with eventual failures of the entire local businesses due to the ability of bigger companies to provide their services more efficiently. Using NAFTA as an example, he emphasized on how large companies such as GM, Boeing, GE and IBM had relocated to other parts of the world thus resulting to lost jobs in the US, and how wage inequality had grown in the country. He cited statistics from the UN that 300 corporations now own 25% of the world’s productive assets, and 358 billionaires make more money than the poorest 45% of the world. Thus, in his opinion deregulation and liberalization are not the optimum solutions to create jobs and encourage growth.

He also identified three inherent problems with globalization. The first, that businesses treat people as a source of inefficiency. Secondly, businesses are shedding people at all system levels. Lastly, businesses control politics, and this power must be returned back to the communities. Mr Boothe said that these problems are illustrated through the fact that 1 billion people across the world earn less than \$1 a day and go to bed hungry, 65% Americans feel economic inequity, and crime, conflicts and social unrest have been on a rise.

Finally, Mr Boothe concluded with his theory of the circular equation of deregulation, that deregulation leads to concentration which leads to monopolization which leads to globalization which leads to dehumanization which leads to economic and social destabilization leading back to regulation.