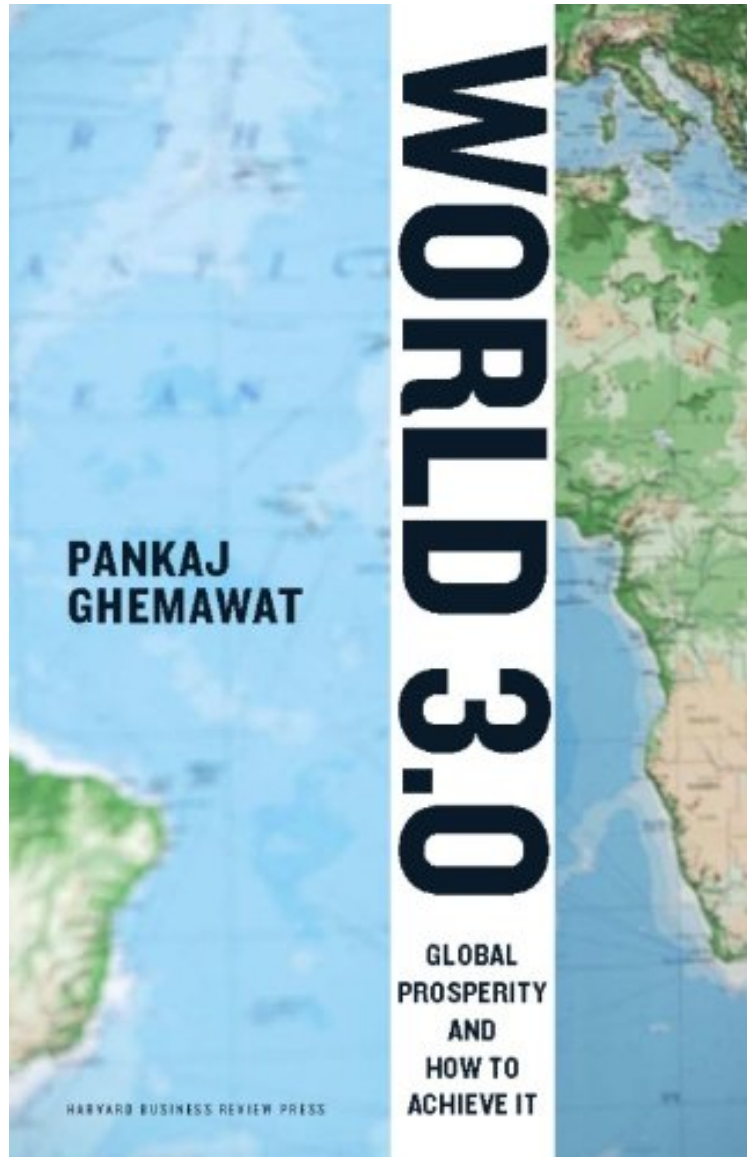


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World 3.0: Global Prosperity and How to Achieve It

Pankaj Ghemawat

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Pankaj Ghemawat : World 3.0: Global Prosperity and How to Achieve It before purchasing it in order to gage whether or not it would be worth my time, and all praised World 3.0: Global Prosperity and How to Achieve It:

21 of 22 people found the following review helpful. Six Star Nuanced, Brilliant, the Stuff of Nobel Laureates By Robert David STEELE Vivas This is a nuanced book. It is not possible to "review" it without having actually read it, read it carefully, and then read it again. It was easily a five as I got into it, and then became a six as I appreciated just how magnificently the author has reframed all future discussion of this topic, and set the gold standard for data-driven discussion--not something they do in Bonn, London, Paris, or Washington. This is not a book for data geeks. The

author excels from the first page in emphasizing the importance of perception and understanding (however wrong they might be, and the tangible relevance of convictions, history, and philosophy....these MATTER to business, and in this book I believe the author takes the intellectual and ethical level of any business discussion about globalization and about regulation up a notch. In a nutshell, the author demonstrates conclusively that globalization is not happening to the extent it could and should, and that globalization should not occur without regulation--the free market fallacy, like the Enlightenment fallacy of open societies that George Soros has recently articulated, is rejected. The author is an advocate of dramatically increasing globalization in terms he defines, while also assuring that regulation keeps pace, not in the micro-sense, but in the macro-sense. His view is that social gains are achievable, if rooted in a solid appreciation of business perceptions. Two books I would recommend to bracket this one, one focusing on the threats to be eradicated, ideally while making a profit, the other on the source of the wealth and entrepreneurship now untapped by predatory capitalism: *High Noon 20 Global Problems, 20 Years to Solve Them* and *The Fortune at the Bottom of the Pyramid, Revised and Updated 5th Anniversary Edition: Eradicating Poverty Through Profits*. A selection of my many notes:

- + Differences and differences do have tangible economic meaning, those that deny this are without factual foundation
- + New cosmopolitanism is NEITHER all national nor all global, but a nuanced integration of both--in other words, PANARCHY.
- + Question of trust is paramount to the evolution of commerce and society. I recollect a Nobel Prize was awarded to a person who gamed trust and demonstrated that trust lowers the cost of doing business (it also lowers the cost of good governance). Here I cannot help but recollect one of my heroes, Robert Garigue (RIP), whose early insights into security as a foundation for trust, NOT for control, are still priceless today (see his collection of graphics and works at Phi Beta Iota the Public Intelligence Blog).
- + World 0.0 was local and brutish
- + World 1.0 scaled up from local to national
- + World 2.0 in theory is globalization with deregulation, "imperialistic consolidation" BUT he emphasizes, with a great deal of factual evidence, that we are nowhere near World 2.0, and in fact could leap-frog past it to World 3.0.
- + World 3.0 is complex, nuanced, pervasive but transparent, diverse in its options but consistent in its regulation, and generally achieves a prosperous world at peace, generating profits for those who deliver the many contributing products and services that are consistent with what we can know about true cost, cultural needs, and so on.
- + Nationalism has been costly.
- + Population has grown five times but gross domestic product has grown fifty-five times. This is the delta that for me validates the "wealth of networks" literature and my own emphasis on empowering the five billion poor with connectivity and access to the Internet so that they can create infinite wealth.

The Wealth of Networks: How Social Production Transforms Markets and Freedom
Collective Intelligence: Creating a Prosperous World at Peace

His facts on how we are NOT globalized--nowhere near 50% and closer to 10-25%--are stunningly focused and support his view that belief systems and policy prescriptions are totally out of touch with reality. He considers Tom Friedman an especially negative influence and I note with amusement that the words "motley" and "rabid" appear in the context of his commentary on Friedman (I can't stand either Friedman or Zakaria, both are pimps for the "establishment" that just finished destroying the global economy and the US middle and blue collar classes for their own selfish gains).

- + 1% of all physical correspondence crosses national borders.
- + 17-18% of all Internet traffic crosses borders (2006-2008).
- + 15% of patents are "foreign-owned"
- + 5% of news is from foreign sources
- + 3% of the world's population are first-generation immigrants
- + 25-30% of GDP (China an exception at 50%) from exports
- + 15-20% of venture capital goes outside its home country
- + 5-10% of private charitable giving goes outside the home country

QUOTE (34): "Why are intelligent, informed, interested people so prone to globalony? It is important to answer this question because globalony is more than just a harmless way of calling more attention to the international domain. Globalony, even if it stops short of the exaggerations of World 2.0, can be hazardous to global welfare by creating complacency among globalizers and provoking paranoia among antiglobalizers (cf Lamy's point, cited earlier, about the effects of double-counting in trade statistics). The obvious reason for globalony is that much of the debate about globalization takes place in a data-free zone.

- + Technology does NOT abolish distance, eradicate frontiers, or neutralize culture.
- + Internet is now balkanizing, and key countries like India are demanding that the physical foundation for the "cloud" be physically located within their frontiers.
- + There are four barrier sets to constructive globalization: cultural, administrative, geographic, and economic. The "home bias" can be a distorting factor in the 15-150 times range.
- + Government regulations (e.g. differences between Canada's "5 mg" and USA's 5mg create enormous cost and logistics barriers to companies trying to distribute the same product to different micro-management perspectives.
- + The models now used to represent globalization are inadequate to the point of severe lack of professionalism. The standard estimates of potential gains from globalization focus on just the tip of the iceberg, and overlook six major related beneficial domains.-- Add volume-- Decrease costs-- Differentiation-- Intensifying competition-- Normalizing risk-- Generating and difusing knowledge

QUOTE (79): "The possible connections between openness and democracy rely particularly heavily on informational flows and include the freer exchange of ideas and increased political competition that results from openness, and the discouragement of autocracy by the transparency required to keep capital markets happy. ...the weight of evidence does suggest a positive relationship between trade and democracy." He observes that globalization should NOT be equated with concentration.

QUOTE (109): "This emphasis on openness distinguishes World 3.0 from World 1.0, and the emphasis on regulation distinguishes it from World 2.0." The author pays special attention to demolishing the claims of externalities beyond the borders of any

given nation, pointing out that 74% of the environmental externalities in any given nation come directly from its domestic ground transportation. He also takes care to contest the "race to the bottom" thesis, pointing out that Germany has become one of the greenest nations, and yet derives one third of its GDP from exports. [Other books, such as *The Innovator's Dilemma: The Revolutionary Book That Will Change the Way You Do Business* emphasize that waste is lost profit.] QUOTE (135): "World 2.0 overlooks diversification opportunities because it misses cross-country differences, and World 1.0 doesn't even look to other countries as a source of safety, seeing integration only as a source of danger. In that sense, World 3.0 does explicitly identify risk-related (potential) gains from globalization that prior world views do not." QUOTE (139): "Information asymmetries are just one information problem among many. Another factor contributing to volatility is the difficulty investors have figuring out what to do with all the information they do have. Few can conduct even rudimentary financial analyses, leading economists to peg them as possessing only 'bounded rationality.' I am reminded of Ben Gilad's observation in *Business Blindspots: Replacing Your Company's Entrenched and Outdated Myths, Beliefs and Assumptions With the Realities of Today's Markets*, that "Top managers' information is invariably either biased, subjective, filtered or late. . . . Using intelligence correctly requires a fundamental change in the way top executives make decisions." My second graduate thesis concluded that the US Government makes decisions on the basis of ideology, completely oblivious to the fact that the secret world and the open world of governments return less than 2% of the relevant information to Washington. + Capital flows are divided into good (foreign direct investment, creating local stock markets) and bad (international debt portfolio, bank loans). Food prices and the relationship among food prices, water shortages, and land leasing or purchasing by foreign countries are discussed in a most useful manner--land leased or purchased is in effect also a water lease or purchase (a below market prices for the water, I might add). QUOTE (151): "Setting effective alarms often begins with bolstering information flows: to manage risks, you have to know your exposure." I am getting closer to getting an Open Source Agency considers by the sane side of the US Government, and a major part of that legislative outline is the role to be played by the Department of State Office of Information-Sharing Treaties and Agreements. The book discusses poverty as a major cancer, equality of opportunity as a cure, and I completely agree with the author's focus on lifting the poor vice lowering the rich. QUOTE (189): "The top tenth of the world's population got 57 percent of the world's income while the bottom 70 percent got only 5 percent." I confess to being confused since Prahalad tells us that the top one billion have an annual income of \$1 trillion while the bottom five billion have an annual income of \$4 trillion, so this must refer to capital assets and general wealth, not just income wealth. + On page 197 the author discusses the International Monetary Fund's claim that technology is the most important factor in reducing labor's share of the income, and I want to puke. See Phi Beta Iota for a couple of great postings about financial terrorism, how Wall Street is murdering one million people a year in the US, and how labor's share of the wealth in the US has declined terribly despite increases in productivity. The IMF is a cancer on the global economy, along with the Federal Reserve, in my view. The author provides an excellent discussion of the economic cost of artificial states, and I must mention the best book I know of on this topic, by Cambridge professor Philip Allott, *The Health of Nations: Society and Law beyond the State*. QUOTE (258), citing Amartya Sen: "Adam Smith viewed markets and capital as doing good work within their own sphere, but first, they required support from other institutions--including public services such as schools--and values other than pure profit seeking, and second, they needed restraint and correction by still other institutions--e.g. well-devised financial regulations." The author does not discuss corruption or integrity, these two topics seem to be anathema to those that wish to be sage but politically correct. In my view, corruption among all sectors of society--academia, civil society, commerce, government, law enforcement, media, military, and non-governments/non-profit--is THE cancer that leads to 50% of every investment being fraud, waste, or abuse. SIX PROPOSITIONS (pages 260-264): 01 Market failures and fears need to be incorporated in analyses of integration 02 The cross-border integration of markets often helps correct market failures instead of compounding them 03 In many other cases, integration has a negligible effect on market failures and therefore shouldn't be restricted 04 When integration does threaten to aggravate market failures, mix-and-match policies to try to preserve some of the benefits of opening up while curbing adverse effects 05 Distance sensitivity is inversely related to the optimal scope of integrative and regulatory initiatives 06 Large integration opportunities often exist within as well as across borders There are a number of really superb tables across the book, and a great section on seven ways to think differently about this challenge of globalization (as a solution) and regulation (as a moderating influence). QUOTE (319): "More systematically, a study of more than five thousand natural disasters suggests that from the standpoint of U.S. media coverage, each dead European was 'worth' three South Americans, forty-three Asians, forty-five Africans, or ninety-one Pacific Islanders. The same study also confirmed the influence of factors that in an ideal world wouldn't matter at all. For each person killed by a volcano, more than forty thousand people would have had to die in a drought to receive the same expected news coverage.. And even more disturbing, when the news media was occupied with non-disaster news, such as the Olympics, the number of dead had to be three times more than during a slow news period to have the same chance of receiving government relief." I am reminded of Peter Fuchs, then Secretary General of the International Red Cross, speaking to OSS '94, explaining why the media was worthless as a foundation for open source intelligence: "The media has an attention span of one war at a time, while the Red Cross is active in 34-38 wars at any one time." QUOTE (336): "How far we

are going to get in unlocking the full potential of World 3.0, then, depends on our mind-sets."With my last three allowed links:Global Public Policy: Governing Without Government?Critical Choices. The United Nations, Networks, and the Future of Global GovernanceINTELLIGENCE for EARTH: Clarity, Diversity, Integrity, SustainaabiltyAs I finished reading this book, stories have been breaking about the growing public awareness of the tangible impact of Wall Street's LEGAL crimes against humanity, and the possibility that 57 countries have agreed to set up a new global financial system that shuts down the Rothchilds, Rockefellers, and Goldman Sachs, among others. I have no way of knowing if this is actually happen, but it should. Reality bats last. It's time we start paying attention and exhibiting INTEGRITY in our policy processes.15 of 16 people found the following review helpful. hottest book to understand basics of economic globalizationBy L. WhiteThis is a must read for professional economists, policy wonks or those who like to be well informed both in terms of theory and facts on the competitive economics of globalization. The author as the book jacket informs us is one of the youngest geniuses who has been among other things on the Harvard faculty as a full professor. He writes clearly, lucidly and in a splendid teaching mode. It is also useful to have read when you hear proposals from our own government and the claims of various political parties. It has a informative discussion comparing U.S. and Chinese economic strategies, their advantages and disadvantages. However, the book goes beyond that and is a comparative discussion of wider breadth. In the general discussion the first chapter is entitled, "colliding worldviews" and it is a discussion on different general theories about growth and about the predicaments posed by different visions and policies. Don't miss this chapter in part I. Part Two is especially interesting as the meat and potatoes of what the author terms, "Seven possible problems" is opened up and theory and data examined; this part includes solid discussions on (1)global concentration at a general level, (2)global externalities, discussing among other things costs and benefits of different economic strategies, (3) global risks, (4) global imbalances, (5) global exploitation, (6) global oppression, (7) global homogenation. For those who want to get the best update on economic aspects of globalizaiton this is a book to have read as it is very precise about how business, economic policy really works and the bibliography is splendid.It goes well beyond Thomas Friedman's, The World is Flat in its empirical detail.0 of 0 people found the following review helpful. Arrived fastBy CustomerArrived quickly, and new, as expected.

Since the financial crisis of 2008, many of us have had to reexamine our beliefs about markets and globalization. How integrated should economies really be? How much regulation is right?Many people fuse these two dimensions of choice into one, either favoring both globalization and deregulation—or opposing both of them.It doesn't have to be that way.In World 3.0, award-winning author and economist Pankaj Ghemawat reveals the folly in both of these responses. He calls for a third worldview—one in which both regulation and cross-border integration coexist and complement one another.Ghemawat starts by exposing common assumptions about globalization to hard data, proving that the world is not nearly as globalized as we think. And he explains why the potential gains from further integration are much larger than even pro globalizers tend to believe. He then tackles market failures and fears—job losses, environmental degradation, macroeconomic volatility, and trade and capital imbalances—that opponents of globalization often invoke. Drawing on compelling data, he shows that increased globalization can actually alleviate some of these problems. Finally, Ghemawat describes how a wide range of players—businesses, policy makers, citizens, media—can help open up flows of ideas, people, and goods across borders, but in ways that maximize the benefits and minimize the potential side effects. World 3.0 dispels powerfully entrenched—but incorrect—assumptions about globalization. Provocative and bold, this new book explains how people around the world can secure their collective prosperity through new approaches to cross-border integration. Ghemawat's thinking will surprise and move you—no matter where you stand on globalization.