

Session 11

A Love-Hate Relationship Between Businesses And Globalisation

All Nations Need to Take Heed of the Potential Carried by Globalisation

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Globalisation is a matter of fact of our lives –we are increasingly integrated and dependent on one another. However as much as globalisation presented tremendous opportunities with access to new markets, businesses and partners, it also exposed various industries to global competition and weakened the state as an economic actor. This has had numerous social and political ramifications and created unique challenges as well as fresh opportunities to harness these opportunities.

I raise some preliminary distinctions between the Singapore and French relationship with globalisation and consider briefly the effect of globalisation on trade, income and inequality and the corresponding effect on social unrest.

Singapore and France - Diverging Experiences

It is perceived that France sometimes considers globalisation as a homogenising threat to French cultural identity and France's clout on the world stage. Perhaps this is the function of the fact that France is a grand and old country, with tremendous history and traditions. In contrast Singapore, which was fifty years ago a nation at a nascent and uncertain stage of its economic and cultural development welcome globalisation as its source of economic growth and self-identity.

Yet France did not escape globalisation and Singapore did not best it. Singapore and France both rank in the top 20 of the world's most economically, politically and socially globalised nation in 2013.¹

France benefited from globalisation and ironically, her culture was one of her main exports. Alongside that, France also exported her philosophy and thought leadership in many spheres. But as will be discussed shortly, in a large nation, it is harder to distribute the fruits of globalisation equitably and this appears to have had political ramifications. In this, France is not unique and this outcome has also been experienced in other nations, including recently notably the UK and the US.

Singapore accepted that globalisation was irresistible and rode the wave but she too lives with the threat that her workers may one day become uncompetitive and her economy left behind if she can no longer tailor herself to the constantly evolving demands of the global economy.

Globalisation: Trade and Income

There are two factors that are key in understanding the dynamics between the globalised nation and her people: trade and income. This has demonstrated itself very strikingly at the Brexit vote.

At its heart, Brexit was a rejection of growth in trade and concomitant decades of European and global integration, a process that has benefited well-to-do residents in cities like Paris, London, Singapore and Washington, but proved deeply disquieting to most of those living outside such

¹ The KOF Globalization Index measure the economic, social and political dimensions of globalisation. Singapore ranked top in the 2013 Economic Globalisation Sub-Index and ranked second in the Social Globalisation Sub-Index. France ranked second in the Political Globalisation Sub-Index.

capitals. In this sense, the Brexit vote is just the latest and most significant example of a pattern of anger and outrage against globalisation, trade and capitalism which links the march of populism around Europe, via the Occupy movements that fanned out from Wall Street into Asian cities, to, more recently, the rise of Donald Trump in America.

At a more intellectual level, however, Brexit has sent shockwaves through the establishments of Britain and Europe, and the prosperous elites who comprise them. Watching from Singapore, I was struck by the uniformly pro-European views held by most of Britain's educated, urban upper strata.

Brexit has been a forceful repudiation of the set of views that the present era of open globalisation could produce prosperity for all citizens. It is by now widely accepted that the last two decades of trade arising from globalization has seen a highly uneven distribution of the gains from global integration, most of which have been enjoyed by those who, in Britain's case, likely voted to remain in the EU. But so far, whether in Britain or in France, or even Europe's redistributive welfare states, governments have failed to redress this issue of inequality of the gains of globalisation.

Inequality and Social Unrest

At its most visceral, this rejection focuses on migration, one of globalisation's defining attributes. Britain's Leave campaign deployed two winning messages: that immigration was too high, and that Britain needed to "take back control". Behind this lay a melange of worries about an influx of Polish workers, Syrian refugees and Muslim terrorists - fears that are strikingly similar to those Mr. Trump exploits in the US. I suspect that France faces similar issues and challenges.

In Britain, the Remain camp could not find a convincing reply. If the EU itself is to survive, it too must find better answers to the misgivings of its citizens over unfettered movements of people.

In Asia, consider the recent Presidential elections in the Philippines: By deregulating its economy, privatising production and services and liberalising trade, the Philippines reduced national debt and increased social spending. Globalisation appeared to be pushing the Philippines to greater heights. But not all Filipinos benefitted equally. This resentment appears to have been an important factor in the election of Rodrigo Duterte earlier this year. Duterte sold himself as a man of traditional means and separated himself from the Manila-elite that was seen to be the sole beneficiary of globalisation. Whether it was a sense of disenfranchisement because of globalisation or that the people felt they were being truly represented for a change, it is clear that Duterte's appointment was a shock to the establishment.

France may have faced a similar shock in the form of the growing popularity of the National Front Movement. In a climate of high unemployment especially amongst the younger generations, a sense of declining national autonomy and frustration at being locked into the Euro, the National Front's advocacy of measures such as re-nationalisation of the banks and an end to immigration resonated with a growing number of the French. These measures would however scale back France's highly important presence in the world economy in the form of its industries, workforce and distinctive culture.

Conclusion

France and Singapore both reflect the historically some of the positive aspects of globalisation: their contributions to global industries in manufacturing and services has generated jobs and wealth both at home and abroad. However, it is clear that all nations today need to take heed of the potential also carried by globalisation to disenfranchise large swathes of their citizens.

Brexit has now clearly provided a window to large echo-chamber made up of the winners of globalisation, and whose members must now rethink many of their basic political and economic assumptions. We need to find ways to address these issues.