

# T03P13 / Globalisation, Politics, and Public Policy

**Topic :** T03 / Policy and Politics sponsored by Policy & Politics Journal

**Chair :** Yuen Foong Khong (Lee Kuan Yew School of Public Policy)

## GENERAL OBJECTIVES, RESEARCH QUESTIONS AND SCIENTIFIC RELEVANCE

*In this panel a selection of papers may be considered for the Policy & Politics journal.*

"Across Western democracies, from the America of Donald Trump to the France of Marine Le Pen, large numbers of people are enraged," claimed The Economist's post-mortem of the Brexit referendum. Polls indicated that the many Britons, like the supporters of Trump and Le Pen, were angry about "immigration, globalization, social liberalism and even feminism....[all of which] translated into a vote to reject the EU." The panel will explore the role of globalization as the major force behind this anger, and in particular, the public policy responses contrived by governments—not just in the Western democracies, but also in Asia, Latin America, and Africa—to quell this anger. The objective is to identify policies that have worked, the challenges in formulating such policies, and to examine their content and character, in hope of deriving lessons on how governments can address the anger and fears of those who have lost out from globalization.

## CALL FOR PAPERS

To what extent is globalization responsible for the economic and psychological malaise felt by those who voted for Brexit or who have turned to Trump, Marine Le Pen, and other nativist politicians? Have governments—in the Western democracies, Asia, Africa, and Latin America--confronted with such dissatisfied publics been able to craft public policies to mitigate and/or overcome the problem? If not, why not? Papers dealing with, and/or comparing the experiences of countries on (a) the impact of globalization on the domestic social compact; and (b) governments' responses to the fraying domestic compact or political discontent; and (c) the nature/content of efficacious policies, will be especially welcome. By comparing the experiences of different countries and their responses (or lack thereof) to the effects of globalisation, we hope to identify how some governments, through the timely crafting of public policies (for example, on immigration, transport, social safety nets, lifelong training/education), have succeeded in stemming the popular backlash. Papers on obstacles to efficacious policy responses--such as sclerotic policy processes, electoral considerations, and ideology—will also be welcome.

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## Session 1

Thursday, June 29th 08:15 to 10:15 (Manasseh Meyer MM 2 - 2)

### **The Good, the Bad and the Ugly Face of Globalization: Opening the Borders for International Workers**

Johnathan Ordonez (University of Milan)

#### Abstract

The current concept of globalization, as seen in modern economics, pushes for open economies, free markets or integration of borders. After the end of Cold War, the vision of a new and globalized world was presented by the presence of multinationals and politicians around the world. In the words of Marshall McLuhan (2003), we would eventually live in a: "Global Village." This papers will try to evaluate how globalization has affected the job market worldwide. Nonetheless, and despite the aggressive inclusion of globalization in many countries, there are still restrictions for the achievement, in words of Jean Monet and Robert Schuman (1957), of the "four freedoms": the free circulation of capital, people, services and goods. In this paper I will argue what are the good and bad things about a globalized economy, how it affects the international labor market, and possible policy responses from the governments. First, I will explain how a globalized economy functions in terms of the establishment of free trade agreements among different regions worldwide. Second, I will evaluate how the labor market reacts to a globalized economy. For this, I will analyze social phenomena such as local and international migration. Furthermore, since a global society is not yet possible, countries will continue to have restrictions in their job policies and a significant share of national sovereignty. Finally, I will point out the challenges of this new generation of "global citizens," in the construction of a globalized society.

### **Anti-globalisation, a result of the befuddled global order?**

Nachiket Khadkiwala (Institute for Defence Studies and Analysis)

Britain's exit from the European Union (popularly known as Brexit) and Donald Trump's victory in United States presidential elections has been hailed as the illustrations of rise of anti-globalisation. Globalisation as a liberal order functions on set of rules that are universally acceptable and binding. This global system of rules has survived on the ability of an enforcer or a hegemon to ensure that rules are followed. However, in recent years the global order has witnessed gradual change. Brexit at some level exemplifies this change in global system. Firstly, the recession that has plagued Europe in particular and the west has led to neo-liberal order being questioned by their one time proponents, leading to fragmentation of the European integration process. Secondly, United States increasing reluctance to act as sheriff of the global system, its undermining of global rules and its waning influence in Europe has further aggravated the failure of the liberal order. Lastly, the present global order has been characterised by confusing narratives of decline of Western/US hegemony, rise of Asia and particularly China, resurgence of Russia and dominance of Germany in Europe. Such befuddled and partially tested narratives have further put into question the survival of liberal order. This paper will test these three trends and how they weaved into the anti-globalism of 'Brexiters', Trump's election campaign and the various right wing parties/movements in Europe

### **(Mis)Understanding Putin and Improvisation That Wasn't: Russian Strategy of Dealing with Globalisation and its Discontents**

Khasan Redjaboev (Centre on Asia and Globalisation, LKYSPP, NUS)

The past two centuries were the ages of globalisation led first by trade and commercial interests and then liberalisation-bound new statehoods, sometimes as forcefully as prior to the great emancipation of nations after the World War II. While globalisation resulted in spectacular exchange of peoples, goods, ideas and

cultures, it gradually resulted in what is now interpreted as the growth in inequality, loss of privileges associated with social belongingness and economic stability as well as the rising level of immigration in predominantly rich Western democracies. Indeed, this has reinvigorated and consolidated electorates behind nativist policies that outgrew nationalism. Various nations attempted their versions of policy approaches ranging from assimilation to protectionism. Out of them, Russia stands tall, increasingly more assertive and winning as the champion of nation-statehood and protected transnational civilization, yet waiting to be understood. My argument is that under Mr Vladimir Putin, three times president of Russia eyeing the fourth term, Russia managed to systematically integrate itself into the global order while building both deliberate and collaborative policies to defy outer globalisation and 'excessive' internal liberalism. I observe that Russia's eventual success in denying the world its share of global capital and capita movement while being part of it comes through three distinct and inalienable state-orchestrated phenomena. First, Russia has defined itself as a civilization state, much like Martin Jacques for China, but distinctly with its alignment and embrace of own entire history, hence as an evolving successor to all states that ruled Russia, and predominant cultural insignia through the Russian Orthodox Church and the Russian language, both *primus inter pares* in a state-acknowledged multi-ethnicity and multi-confessionality of the Russian Federation. The faith element is in stark contrast not just to Soviet Union that rejected centuries-long part of identity, but also to European counterparts who many Russians view as degenerated due to the lack of morality and loss of faithful self. Second, New Russian statehood reconciled effectively the epistemic societies of the left and the right through strong and exclusive social protection policies that were carried out relentlessly throughout the 2000's and post-2008 Great Recession as well as consistent foreign policy aimed at restoring Russia first to great normalcy and later to great power status. Last, Russia forged its undoubtedly technocratic-turning albeit not faultless political machine centred at what other Western nations are to only experience - strong leadership of an identifiable common-man. Continuous policies to undermine Russian international prestige, damning media accounts, sanctions and expulsions from some international organisations did not help. I argue that through these and selective distribution of economic spoils, for Russian statehood is in constant struggle with its recurring kleptomanias, building its comfortably globalised near-abroad (influence sphere in former USSR) and established identity Russia outperformed and outmanoeuvred what Western scholarly thought has yet to admit. That it is possible to be part of the global order by not recurring the costs of globalisation.

## **East Asia Regional Governance and Domestic Policies of Portfolio Investment in Post-Asian Financial Crisis: The Case of Indonesia**

Chandra Kusuma (The University of Queensland)

Despite that the portfolio investment flow has been heavily linked to the onset of the financial crisis in East Asia (1997-1998), it is evident that the Association of South East Asia Nations (ASEAN) continues to further liberalize its portfolio investment regime. There are, at least, three major documents setting out more liberalized investment portfolio plans in ASEAN, namely (1) the ASEAN Economic Community (AEC) Blueprint 2015, (2) the AEC Blueprint 2025, and (3) the ASEAN 2030. Corresponding to those formal plans, ASEAN notably has also undertaken alterations to its governance structure to better reflect the plans. This can be visible, for instance, by the recent liberation assumed to the ASEAN Capital Market Forum (ACMF), in addition to the plans of ASEAN Secretariat empowerment, as well as the clear inclusion of the Plus Three Countries (China, Japan, and South Korea)-related agenda to ASEAN Meetings. The response from ASEAN Member States (AMS), in this case the Government of Indonesia, is intriguing in the sense that Indonesian political elites, at the formal governance structure level (mostly at the high-level governance structure, for example, ASEAN Summit), express their best intentions and commitment to adhere to the regional standards being commissioned by ASEAN; to facilitate more open and liberal ASEAN portfolio investments flows. Meanwhile, domestic policies do not reflect this conformity with the regional standards or policy steps to achieve it partially or incrementally. This paper seeks relations between ASEAN efforts to further liberalize its portfolio investment regime with the observable domestic policy contestation within the ASEAN Member States (AMS), using the case study of Indonesia. A core question in this paper is the existence and cause of tension and policy lag in Indonesia's domestic policies, or the so-called domestic "black box", as a response to rapid acceleration of ASEAN financial liberalization, especially in the area of corporate bond markets. This paper explores the idea to employ a historical institutionalism (HI) method within the regulatory regionalism field to look at the institutional decision making and policy in terms of domestic agents and structure. This will extend the explanatory value of regulatory regionalism, as well as represent the relationship between the regional governance policy initiatives on portfolio investment flows, and the domestic political/bureaucratic context in Indonesia. In broad, it will also add to the literature on Indonesian domestic politics and regional debates about ASEAN and its sustainable and utility.

## **The Singapore Brexit Experience**

Hui Chee Chua (Lee Kuan Yew School of Public Policy)

Norshahira Aziz (Lee Kuan Yew School of Public Policy)

Yuen Foong Khong (Lee Kuan Yew School of Public Policy)

Brexit and Trump's victory reflected the rise of an unprecedented wave of opposition against globalisation. Rather than seeing themselves as beneficiaries of globalisation, individuals left behind saw it as a threat to their control over political and economic sovereignty, and ultimately, cultural identity. Yet with globalisation serving as a key economic driver in the expansion of local economies into broader international markets, how it can be revived is vital.

Coincidentally, Singapore had a similar experience. As a small state with an open economy, Singapore is especially vulnerable to the forces – both good and bad – of globalisation. Pre-2011, ground sentiments revealed the Government's failure to pay sufficient attention to citizens who felt left behind by globalisation, a period that saw a huge influx of foreign workers, growth in immigration and rising house prices. Unhappiness over these issues contributed to a watershed election (by Singapore standards), where the People's Action Party (PAP) suffered a historic low vote share of 60%. However, what set the PAP apart was its ability to turn the tide. Through some corrective actions and a more consultative governance approach, the PAP succeeded in re-assimilating people previously left behind by globalisation, regained public trust and emerged stronger than before. Four years after its electoral setback in 2011, it made a solid comeback - garnering a 10% increase in popular votes in the 2015 elections.

The Singapore case study revealed important lessons. It showed that an inclusive and sustainable growth with globalisation is conceivable when the domestic social compact is well-taken care of. Therefore, this paper seeks to critically study Singapore's strategies, draw useful lessons and compare them with other states currently trapped in the malaises of globalisation. It will also highlight challenges facing these countries, and explain how they may find following Singapore's example difficult.