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Guest Lecture at the School of International Business, Queensland University of Technology.

Topic: Storm over Globalisation – what happens next?

By: Ambassador J. Oerstroem Moeller, Adjunct Professor at Copenhagen Business School. www.denmark.com.sg/jom.htm.

PRELUDE

TEACHER : “Boys, can you give an example of Globalisation?”

Answer : “Yes, Sir. It is Princess Diana!”

Question : "...How???"

*An **English** Princess *with an **Egyptian** boyfriend crashes *in a **French** tunnel *driving a **German** car *with a **Dutch** engine, *which was driven by a **Belgian** driver, *who was high on **Scottish** whiskey, *followed closely by **Italian** Paparazzi, *treated by an **American** doctor, *using **Brazilian** medicines.....
*And now, ***dead** !"

I. THE PRESENT MODEL.

The model for the world as we knew it was established in the late 1940's and based upon the following three main building blocks:

- 1) A national welfare system – **everybody** was offered a place and cared for.
- 2) Collective security – **every** nation state was included in the defense.
- 3) Economic internationalisation – division of labour with a platform for **every** nation state.

KEY OBSERVATION. These three main factors actually **INTERACTED** in a positive way.

How does the system look **NOW**. The three composites do not any longer interact.

II. CHALLENGE.

MAIN CHALLENGE.

For many people may be the majority around the world economic globalisation possess one and only one advantage: Higher growth and higher standard of living.

To achieve that they are ready to sacrifice a part of their own cultural identity, taste, consumer preference etc.

NOW if or when global growth falters so that alternative economic models may offer growth comparable with economic globalisation then what???

And how does the growth prospect looks for the coming years? Not good!

SPECIFIC CHALLENGES.

1) **Dichotomy** inside all nation states between the **elite** and the **majority** of population. The elite goes international. The elite communicates with the elite in other nation states but not with the majority of the population in their own nation state. The majority gets more and more introvert and partly nationalistic.

KEY OBSERVATION. A double seclusion.

2) **Disparities** - inside the nation states and between nation states.

- economically and socially. In 1820 the ratio (GNP per capita) between the richest and poorest nation was 3:1, in 1913 it had deteriorated to 11:1, in 1950 it was 31:1, in 1973 the figure was 44:1 and in 1992 it was 72:1.
- digital divide which we now start to talk about. Who has access to the internet.
- educationally. Who gets the education necessary to perform in the new society.

Either rich and well educated or poor and poorly educated.

KEY OBSERVATION. Different mind set for the elite and the majority of the population.

3) **Minorities INSIDE nations** states were kept quiet until the 1980's. Now they insist to voice their opinion and being listened to.

The European Union has broadly speaking not solved this problem but prevented it from erupting into what would have been a very nasty infight between the nation state and its minorities by developing a model based upon

ECONOMIC INTERNATIONALISATION and CULTURAL DECENTRALISATION.

KEY OBSERVATION. The minorities raise their heads thus assuming a role in the forces recasting the system.

4) A **sinister triangle** takes advantage of economic globalisation to pursue objectives in flagrant contradiction to internationalism.

- International terrorism
- International crime
- Infectious diseases

They force internationalism to defend itself and by so doing **jeopardise the very future of internationalism.**

KEY OBSERVATION. Some 'internationalists' play another game while pretending to follow the rules.

III. NEW PLAYERS.

We are used to a world dominated by the nation state but seen in a historical perspective the nation state is only 200 years' old and nothing guarantees that it remains the main player.

1) THE CIVIC SOCIETY HAS GONE INTERNATIONAL.

- pressure groups - NGO's

Illustrations: Amnesty International, Human Rights Watch, Greenpeace, Attac.

- political consumer

What does GM means? 50 years' ago it meant General Motors, today it means Genetically Modified food.

2) CROSS BORDER REGIONS

Examples.

In Europe: Both sides of the Rhine.

In US: From Vancouver to the North Western part of Mexico.

In Asia: Singapore and Johore and Riau.

3) INTERNATIONAL ORGANISATIONS

In Europe: EU

In North America: NAFTA

In Asia: ASEAN

Globally: UN, IMF, WTO and many others.

4) THE POLITICAL ENTERPRISE

Illustration:

General Motors has sales which are higher than the national income of Norway.

Mitsubishi has sales larger than the national income of Poland.

Shell has sales larger than the national income of Greece.

5) REGIONS INSIDE NATION STATES.

They do not want the nation-state to take care of their participation in the international economy.

Look at the states inside e.g Germany or the Australian states.

They do not only compete with other states and other nation-states but also with the nation-state to which they belong.

6) COALITIONS OF THE WILLING.

If the international community fails to take action powerful nation-states may join to act themselves. And less powerful nation-states may forge coalitions to prevent them from doing so.

Foreign- and security policy illustrations: Former Yugoslavia. Iraq.

Economic policy: Debt relief and other financial assistance for selected countries.

Trade Policy: Cancun.

KEY OBSERVATION: The **new** main players operate **OUTSIDE** and not **INSIDE** the system.

CONSEQUENCE: The system **OR** the players have to adjust.

IV. The transition from the old to a new model.

Salient lines of the old model

Nationalism

Pursuance of national interests

Sovereignty

Salient lines of a new model

Transnational forces, supranational enterprises, international organisations, cross border pressure groups, multinational civic society.

KEY OBSERVATION. The mindset has changed. Now for changing the system still moulded in the cold war shape.

V. NEW MODEL.

Hopefully we will see a new model emerge which in the same way as the model from the late 1940's can provide a framework for the evolution during the next half century.

Such a model can be built upon the following building blocks.

- A set of values (ethics), responsibility and tolerance.
- International policy making - interventionism
- Institutionalisation

KEY OBSERVATION. Pursue international interests.

1) A set of values (ethics).

Not 'MONDOCULTURE' but **a common set of values** which tells us how to react, how to judge, how to assess, what is right and what is wrong?

- More responsibility.
- More Respect.
- More Tolerance
- No Double standards.

KEY OBSERVATION. Convergence with regard to a common set of values is indispensable.

2) International interventionism.

If or when the set of values hopefully emerging on international level is not being respected the international community will react. That can be done in many ways

- persuasion
- pressure on top of persuasion eg. saying unpleasant things about what will happen
- economic measures
- isolation
- security and that is military actions.

All this is not new. It has been used and tried before.

What is **NEW** is that it will be done on the basis of an internationally agreed set of values.

KEY OBSERVATION. The international community reserves for itself **the right to defend itself against those threatening its existence/function.**

3) INSTITUTIONALISATION.

A political system and/or an international **model for decision making.**

- Sovereignty
- Political compromise

- Majority voting
- Large and small
- Positive sum

KEY OBSERVATION. **Obligations** and **rights** for each individual nation state.
Contrast to the present system where it is not really known what obligations and rights actually apply. Rule of the law.

VI. THE ALTERNATIVES.

- Winner takes all – the strongest.
- Nation states
- Clash of civilisations
- Hegemony exercised by one nation state
- Three blocks
- Chaos - NOIC

KNOCK OUT QUESTION: What do **YOU** prefer?
