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Is globalization dead?

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With Britain voting in favour of leaving E.U., a single market (508 m) people larger than U.S.A (319 m), the question that looms large: “Is globalization dead?”

When the consequences are slowly sinking in, it has become difficult to stomach the decision even for those who supported Britain’s exit (BREXIT) from E.U., including the once ambitious prime ministerial candidate Boris Johnson, a Conservative Party member.

Boris Johnson and BREXIT supporters were trying out to find out at this late stage whether EU would allow Britain to continue to enjoy the privileges of free market for movement of goods and services and capital, without mobility of labour.

The E.U. leaders made it clear: “you cannot have the cake and eat it.”

That was a re-buff: a common market membership gave Britain all four freedoms: mobility of goods, services, capital and labour.

“You decided to leave; and you cannot now choose what you want.”

Common threat

BREXIT goes against what another Prime Minister Winston Churchill wanted 70 years ago.

In his speech at the University of Zurich in 1946, soon after the end of World War II, when the former Soviet Union was seen as the next threat to the free world, Churchill declared:

“There is a remedy which ... would in a few years make all Europe ... free and ... happy. It is to re-create the European family, or as much of it as we can, and to provide it with a structure under which it can dwell in peace, in safety and in freedom. We must build a kind of United States of Europe.”

February this year, when another Tory Prime Minister, David Cameron announced the June 23 referendum, little did he imagine the vote would go against EU.

It is mobility of labour from Europe to enter freely in Britain, combined with fear of refugees flocking in via Europe, competing for jobs and access to public goods of health and education that made Britain vote for quitting EU.

In the 1975 Referendum, 67% favoured joining the European Common market and 33% were against.

Now by a narrow margin of 3%, Britain has to quit the common market.

What went wrong?

Britain indeed gained from EU membership, enjoying several concessions. It successfully avoided adopting the common currency the euro. London emerged as the notable centre of financial services.

With fall of Berlin Wall in 1989 and the demise of Soviet Union in 1991, the common threat disappeared. Europe felt safer than before, fanning only the fires of nationalism.

EU's economic growth until the 2008 financial crisis gave new confidence.

Measures to fight recession by central bank in UK and European Central Bank through quantitative easing and unprecedented low interest rate avoided repetition of the Great Depression of 1930s and created a false sense of security.

However, low growth in jobs and creation of economic inequalities were emerging concerns. Fall in inflation was no relief. It is the disappearance of income that mattered. Fiscal austerity alienated the poor. Keynesian remedies directed to provide relief in yesteryears, were frowned upon by those in power. Neo-economic liberalism alienated the have-nots.

The quit decision is seen as the ultimate result of the brewing rebellion by "the have-nots" against "the haves", over the last decade of bank failures and financial asset bubbles - all nurtured by "ugly capitalism"- which had destroyed fundamental values: caring for the poor and the depressed.

The referendum gave freedom to express anger and frustrations.

The U-class was outclassed by the non-U Class! The fear of immigration of labour and influx of refugees are only the last straw on the camel's back.

"Failure of the elites"

BREXIT voting patterns across income, age and education shows clearly the leave vote was the result of pent up emotions against the onslaught of globalization on the traditional values cherished in any humane society. Lower income groups, people with less formal education, and the aged felt threatened. London and prosperous centres voted in favour of EU.

According to Harvard University political philosopher, Michael Sandel, a large constituency of working-class voters felt that not only has the economy left them behind, but so has the culture.

“The sources of their dignity, the dignity of labour, have been eroded and mocked by ... globalization, the rise of finance, the attention that is lavished by parties across the political spectrum on economic and financial elites. The energy behind the BREXIT was “born of this failure of elites”, he adds.

“The couldn’t care” youth, who only worry about white collar financial engineering jobs along with free mobility in EU and fast accumulation of wealth, neglected to vote . Only 36% among the age group: 18-24 exercised their right to vote, compared to 58% among 25-34; 72% among 45-54; 81% among 55-64 and 83% among those 65 and above.

Had more youth voted, the result would be different.

Their apathy reflects the spirit of our time.

Leaders know now that globalization in days of digital democracy needs a “kindler and gentler” approach.

Benefits have to be spread; and gains have to be evenly distributed.

As they say: “Le Roi est mort, vive le Roi!”, globalization is dead, but long live globalization!

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