

THE NEW WORLD DISORDER: IMPLICATIONS FOR SOUTH AUSTRALIA

INTRODUCTION

- old world order is dissolving and there is a new world disorder
- there are three forces of change:
 - o rebellion against globalization
 - o the real problem: technology
 - o China's challenges to the US

GLOBALIZATION

1. The Era of Wealth

- globalization has been a major transforming force in world politics and economics
- the present world economy is bigger than ever before in history
- more people have been lifted out of poverty than ever before
- South Australia has done well from globalization
- Australia's link in the Victorian "Internet" began near here

2. The First Wave of Civilization

- tribes/ hunter/ gatherer societies/ city states
- territory was important but not necessarily specifically marked out
- City of London Corporation began around 1067: therefore some form of "local" government began before "national" government was invented

3. Second Wave: The Nation-State System: Westphalian System

- Thirty Years War (1618-48)
- 1648: current world order: nation-state system and national government
- "nation": homogenous group of people; "state": legal/ political/ military system to govern the "people"
- importance of national government/ national borders
- manufacturing a sense of national identity: flags, anthems, special days, separate histories
- now: from a world with borders to one without?

4. Third Wave: Drivers of Globalization

(i) "International"/ "Inter-governmental" Organizations

- UN and other inter-governmental organizations
- there are no national solutions to international problems (such as small pox, polio)
- World Health Organization (WHO), UN Environment Programme (UNEP)

(ii) Transnational Corporations

- new challenge to governments: CEOs have replaced generals
- economy is consumer-driven
- a new global culture
- Western national governments no longer have the same degree of control over their economies; citizens need to do more for themselves

(iii) Non-Governmental Organizations (NGOs)

- roles: hope and vision, lobbying, advocacy, delivery of services, fact-finding/research public education
- examples: conservation movement, Amnesty International, US National Rifle Association, US banking lobby

REBELLION AGAINST GLOBALIZATION

5. The Globalization Backlash

- the “left behinds” are bitter people who are resentful that they not sharing in all the new developments and indeed fear that their old accustomed way of life is being eroded
- “culture” may be more important for voters than “money” (UK Brexit vote: Remainers spoke in terms of money, while Exiteers spoke in terms of British culture)
- search for candidates outside the political centre: popularity of Donald Trump, Bernie Sanders, and Jeremy Corbyn in UK and Pauline Hanson (all with very different in political outlooks)

6. Disruption Example: the Trump Surprise

- Trump overcame the Republican loss of the Karl Rove’s 2000 and 2004 winning themes: “God, Gays and Guns”
- rise of “shy Trump” voters (and “shy Conservative voters” in 2015 and “shy Brexit voters” in 2016): people who feel intimidated by political correctness to express their true feelings in an opinion survey
- mainstream American commentators lived in a self-reinforcing bubble detached from the “real” America
- they were not willing to “think about the unthinkable”

7. But Trump cannot Reverse Globalization

- “Make American great again” is a recognition that the US has some serious problems (and Clinton/ Democrat economic tinkering measures won’t solve them)
- but Trump will have difficulty in re-industrializing America: that American industrial era has gone

THE REAL PROBLEM: TECHNOLOGY

8. “Digital Disruption”

- Gordon Moore of Intel: April 19 1965 prediction: power of computers will double every 18 months-2 years; price of computers will halve every 18 months-2 years
- Google driverless cars; Mercedes driverless trucks: for how long will we continue to allow humans to drive vehicles (road crashes kill 1.2million around the world each year); will human drivers be gone in 13 years?

9. **Moore's Law: Doubling Power of Computers**

- (i) yes: the Internet is revolutionary – but not utopian; it does disrupt our lives but not necessarily always for the better
- (ii) be aware that the Internet was not designed for all the functions we are now using it for (education, banking, commerce, entertainment)
- (iii) we have often been blind-sided by change for example newspapers carried stories of IT changes but newspaper boards themselves failed to ask: “What does all this mean for our newspaper business model?”
- (iv) how will “robots” be incorporated into daily life? Robots need not be the Hollywood machine type, for example a Japanese teddy bear to monitor a resident's health and remind them to take their medication
- (v) for the first time in history we are now losing jobs faster than we can create them (not all the jobs have gone to Asia; some have been taken over by robots); robots work 24/7; never take annual leave or sick leave; have no ego and no personality squabbles – but they don't “consume” many goods or services, either: where will the consumer demand come from?
- (vi) is IT re-wiring our brains? The Baroness Susan Greenfield controversy: the risk of a “click n' flick” workforce

CHINA'S CHALLENGE TO THE UNITED STATES

10. **The New Era**

- shift in global attention: “Mediterranean was the ocean of the past; Atlantic has been the ocean of the present; Pacific is the ocean of the future”
- we are heading for a fresh period of jostling for power, as the US becomes reconciled to China's growing power, and coping with Asian anxieties about that power
- since 9/11 (September 11 2001), US has had a wasted period of focussing too much on Islamicist terrorism (such as the distortion of its military priorities) and has overlooked emerging threats
- Australia's priorities are too often shaped by Washington and so Australia has headed into a new era with very little explicit attention to what was happening

11. **China is now Australia's largest trading partner**

For the first time since 1788, Australia's largest trading partner

- isn't part of the Western political/ military alliance
- isn't part of the European cultural heritage
- isn't a developed country
- isn't a democracy
- Yes: China is going to become the superpower but it is doing things differently

12. End of US Single Superpower Status

- Australia is “friends” with both the US and China - but an “ally” of only one (US): though this may not always be possible eg a Chinese confrontation with Taiwan
- Australia has to become reconciled to the new era of comparative US decline and a slow Chinese rise to global dominance
- this requires more honesty from Australian politicians in educating the public about the new era into which Australia is heading
- China likes buying Australian resources but it has no great sense of loyalty to Australia as such (UK in the 19th century: “we have no permanent friends only permanent interests”) and so Australia will remain important only until other resource markets open up eg in Africa
- China will be on its own fast learning curve: it has no tradition of co-operating in a balance of power arrangement: the Middle Kingdom either dominated surrounding countries or was dominated eg in the “century of humiliation”, and so China too will be have to get used to the new era and so some mistakes are inevitable
- Graham Allison “Thucydides’ Trap”: 16 case studies, 12 ended in conflict

IMPLICATIONS OF THE NEW WORLD DISORDER FOR AUSTRALIA AND SA

13. Learn from the Globalization Backlash

- need for better communications eg funding for NGOs to run information campaigns
- need to look after of the casualties of change
- the dominant question should be: *not* how can we resist these changes *but* how can we make the most of them?

14. Opportunities in the New Information Technology Economy

- i. The Sharing Economy eg Uber
- ii. The Service Economy eg Phoenix University and Khan Academy; the “gig” economy may require “gig” learning (not a standard degree programme); Taskrabbit, Airtasker
- iii. The Micro Multinational Economy eg Facebook gives a local business a global reach (exploiting the Long Tail as distinct from the Pareto Principle): Amazon started out small!
- iv. The 3D Economy/ Maker Economy eg make your own products at home
- v. The Platform Economy (platforms that connect people but don’t produce any content eg Facebook, Google)
- vi. The Data Economy – “data is the new” oil eg customer relationship marketing (eg “buy a gift for your partner’s birthday: here is our suggestion”)
- vii. The Digital Asset Economy – assets are no longer just physical (bricks and mortar): anything that is digital can be monetized eg data, images, sounds, documents (from (i) farm land to (ii) bricks/ factories to (iii) clicks)

15. New Economic Models: Thinking about the Unthinkable

i. “Gig Economy”

- there is plenty of “work” to do but not “jobs”
- “jobs” (invented in 1750 for the Industrial Revolution) may be replaced by “gigs”
- this is self-organized self-employment, working on-demand, with every worker as a “manager” running their own business

ii. Universal Basic Income (UBI)

- UBI scheme would mean that all adults would receive a flat sum of money from the government
- the sum would provide a bare minimum on which to survive; doubtless many people would also continue to work for much more money
- with the increasing loss of jobs from automation, a UBI scheme would put some money in circulation to stimulate effective consumer demand
- slogan from the unsuccessful June 2016 Swiss UBI referendum: “what would you do if your income were taken care of?” In other words, in the emerging new economy it is important to give people a financial foundation so that they can then turn their minds to being inventive and entrepreneurial
- Finland, some parts of Canada and The Netherlands are continuing with their UBI experiments

iii. Race to the Bottom

- this is a race to the bottom with workers living on piece-work (as in England before the 1750 Industrial Revolution): little certainty, little opportunity to accumulate assets, increased tension, social unrest
- perhaps the next generation will not live as long as predicted?

16. Local Government has a Vital Role in this New Era

- humans are social animals/ need for personal contact/ networking
- local government is “local” government
- local government is a key player in generating a local sense of community in a global context

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