

KEY NOTE ADDRESS

“The Future of the Asia-Pacific Economies Beyond 2020- How can the Asia-Pacific region achieve a better globalization in coping with rising populism and emerging inequality?”

16 October 2019

10.45 a.m. – 11.05 a.m.

The Westin, Kuala Lumpur

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Firstly, let me express my thanks to ISIS and JEF to giving me this opportunity to share a few thoughts on the matters which will be deliberated at this conference. It is indeed an honour for me to be invited especially since all of you in this room are far more experienced and knowledgeable than myself in matters to do with the global economy.

Good opportunity for me to grapple intellectually with the issues raised in this conference.

Let me try to answer the question posed by the title of this conference – state title – with a set of 3 questions that hopefully, will help set the context of what will be discussed over the next two days. And underlying all these 3 questions is the need to highlight and discuss the importance of global and regional institutions and how these institutions have or have not evolved to changing global economic and political conditions. (Robustness and Flexibility?)

1) *Is the contemporary phenomenon of rising populism and emerging inequality a temporary and cyclical phenomenon or will this be here to stay, at least for a while? (Repeat)*

Sometimes, it easy for us to be distracted by the loudest and most disruptive voices in the room. (President Trump and PM Boris Johnson, as examples?) I would caution against this because our reactions and our discussions then get framed in the context of responding to persons and personalities rather than the underlying issues at hand.

If we say that populism is rising, what reference points or measurements are we using? Is it via global surveys on attitudes towards globalization in general? Or towards regional institutional groupings such as the EU, the G7 group of industrialized nations or ASEAN? Or by the share of vote won by either far right or far left parties in popularly contested elections? Or by the share of the vote won by ‘new’ parties in existing democracies? Or is it by the rise of “othering” movements that have won popular appeal in unprecedented ways whether it is the rise of anti-Islamic and anti-refugee sentiment in the West or by the rise in anti-Western sentiment in the East?

Nestled within this question is the need to discuss and debate the nature of populism and populist movements. The framing of the title of this conference seems to indicate a bias towards seeing populism as something negative (a sentiment which I am sympathetic to) but this does not have to be the case.

Most people saw the rise of President Emmanuel Macron and the emergence of his political party, La Republic En Marche, as a good thing in that it shook up the existing cosy arrangements between the major and traditional political parties on the left and on the right. Prime Minister Modi’s so called “populist” moves have received their fair share of praise and also criticism among the global community. President Jokowi’s form of ‘technocratic populism’ which focuses more on public service delivery is something that is seen as far more benign and has been generally welcomed both domestically and internationally.

If we think that populism, whatever we define it to be, is a temporary and cyclical phenomenon, then we will try to wait it out and not really consider very seriously the opportunities and challenges for meaningful

structural reforms and policy adjustments. If we think that this phenomenon is here to stay for a while, then we have to ask ourselves if our institutions, whether it is domestic or regional / international, are robust AND flexible enough to make adjustments to this new reality. By robust, I mean the ability to withstand some of the more negative aspects of populism and by flexible, I mean the ability to accommodate and adjust to the positive aspects of populist demands.

This would include regional groupings such as ASEAN and APEC especially when it comes to evaluating policy responses to issues and challenges facing countries in the Asia Pacific.

2) Do you think we have undertaken enough of the necessary reforms to prevent another Global Financial Crisis like what we experienced in 2008 or do you think the structural changes made were more of the superficial side?

Most of us still can remember the effects and consequences of the GFC 2008. Unlike the 1998 AFC, the 2008 GFC had its origins in the West, starting in the United States and then expanding to European countries, big and small. Most of Asia, with the exception of China, was not spared.

Hard not to think back on all the 'lecturing' which Asian countries including Malaysia received during the 1998 AFC and reflect upon the irony of how the sub-prime mortgage crisis in the US led to the GFC in 2008.

Some major reforms undertaken especially among the EU countries most badly affected by the GFC 2008. But Asia largely was left untouched perhaps because the painful reforms were already undertaken as a result of the 1998 AFC.

How ready are our institutions in terms of responding to the next recession, depending on how severe it is and how flexibility will our institutions be in terms of policy coordination to allow our economies to bounce back quickly from a recession?

3) How disruptive do you think technological and climate change will be and how ready are we to adapt to these changes?

Challenges and opportunities of Industry 4.0

Changing weather patterns, rising temperatures and rising sea levels

Andrew Yang's very pessimistic outlook in terms of the # of jobs which will be lost to automation?

Greta Thunberg's rebuke of the world leaders at the UN General Assembly?

Final thoughts

Firm believer in institutions whether it is the political institutions and systems referred to in Huntington's Political Order in Changing Societies or the social and legal norms framework captured in Douglas North's New Institutionalism.

Asia-Pacific Institutions and Frameworks to respond to the needs of Asia Pacific economies?