

The idea of a single digital market may also make it harder for foreign companies to operate in the EU.¹¹ For example, the EU is launching an inquiry into competition barriers in e-commerce.¹² The push for this inquiry comes on the back of ongoing investigations into US e-commerce companies. These include antitrust probes against Google,¹³ courts challenging Facebook over data privacy,¹⁴ and proposed changes to telecom rules favouring telecom operators over messaging service WhatsApp.¹⁵ It is likely that there will be more to come, as such measures buy time for the EU to invest in bringing its traditional industrial strengths online. One initiative in this direction is the Alliance for Internet of Things Innovation (AIOTI), launched in March 2015 by Günter Oettinger, the European Commission's digital economy czar.

As the global Internet moves towards additional fragmentation, which other regions have a similar will and the capability to erect regional digital markets to favour indigenous digital companies?

India is a strong candidate. Today, 900 million Indians have access to mobile phones and smartphone use is likely to increase from around 200 million to 500 million by 2020. A new generation of mobile-first digital startups are being launched in existing IT hubs like Bangalore and in centres of excellence such as the Indian Institutes of Technology.¹⁶ The promise of 100 smart cities by 2020 and initiatives like Aadhaar – the world's biggest biometric database to create a reliable digital identity for 1 billion people – will bring companies, talent, data and government demand together. It is not unlikely that India may seek to guard its own digital market to grow indigenous digital giants as Europe and China have done. —

- 1 The term was first used in 2001 to describe “parallel Internets [that] run as distinct, private, autonomous universes.” Kumar, “Libertarian, or just bizarre?” *Wired*, 25 Apr 2001
- 2 “Brazil-Europe Internet cable to cost \$185 million,” *The BRICS Post*, 13 Feb 2014
- 3 “Rousseff backs EU-Brazil cable project,” *Deutsche Welle*, 24 Feb 2014
- 4 Hecht, “Fibre optics to connect Japan to the UK – via the Arctic,” *New Scientist*, 29 Mar 2012
- 5 In 1998, the Spanish newspaper La Vanguardia published notices of lawyer Mario Costeja Gonzalez auctioning off his property to repay debts. As Google search results continued to display this, Costeja filed against the newspaper and Google to remove this result. The Spanish and European Courts ultimately granted La Vanguardia the right to retain the published notice, but required Google to remove all links to this. Toobin, “The solace of oblivion,” *The New Yorker*, 29 Sep 2014
- 6 “Chinese internet users to overtake English language users by 2015,” *The Telegraph*, 26 Sep 2012
- 7 Over one quarter of China's population is using Alipay, China's largest online payment services provider. “Alipay 2014 spending report sheds light on Chinese online spending behavior,” *Business Wire*, 7 Dec 2014
- 8 Clover, “The Chinese Internet: Commerce and control,” *Financial Times*, 14 Mar 2015
- 9 Godement, *China's Expanding Cyberspace* (Paris: European Council on Foreign Relations, Jun 2014)
- 10 Mizroch, “Europe's plans to compete with Silicon Valley,” *Wall Street Journal*, 23 Apr 2015
- 11 Mizroch, “Europe wants to bring its industry online before Google, Apple make it obsolete,” *Wall Street Journal*, 25 Mar 2015
- 12 Margrethe Vestager, “Competition policy for the Digital Single Market: Focus on e-commerce” (speech delivered at Bundeskartellamt International Conference on Competition), *European Commission*, 26 Mar 2015
- 13 Oliver and Barker, “Europe antitrust chief not afraid of starting a fight,” *Financial Times*, 8 Mar 2015
- 14 Scott, “Antitrust and other inquiries in Europe target US tech giants,” *The New York Times*, 2 Apr 2015
- 15 Fairless, “EU considers new telecom rules to level the playing field,” *Wall Street Journal*, 7 Apr 2015
- 16 “Playing leapfrog,” *The Economist*, 23 May 2015



INEVITABLE SURPRISES

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The cult of “globalisation equals growth” is seeing an updated pushback, thankfully not in the form of wars. Surprising “revolutions” have happened in the space of a decade. For example, pivots in attitudes – enabled by novel social uses of technology – have fed bottom-up street movements against economic inequality in the West and Asia. With “netizen” activism apparently holding companies and governments in check, the high priests of technology-driven utopia have been quick to award credit to their companies’ messianic digital platforms.

But we have been here before.

Aviation technologists during the Cold War spoke of airplanes with atomic propulsion and routine supersonic travel. Technologies were pointing in one direction, and society was expected to follow into an inevitable future. Yet this wave of optimism vanished by the 1980s, and not because technologies failed, but due to unexpected pushback from society. As planes flew faster, they became more expensive to design and operate. Consumers didn’t want to pay for supersonic travel because... it wasn’t worth it. Aviation technologies as they stood were good enough. The noise pollution from sonic booms and threat to the ozone layer from aviation exhaust also contributed to societal pushback.

As software continues to eat the world, it is instructive to remember that technologies, like globalisation, have no pre-ordained mandate to disrupt and dominate. The “inevitable surprise” of societal pushback is taking shape, and foresight needs to look beyond a technology-driven utopia to catch it. —

CAN ALGORITHMS BE EVIL?

Pacific Social’s Tim Hwang works with social bots to alter the social landscape and user behaviour. These bots, essentially lines of code, are deployed on infrastructures of influence, e.g. Twitter and Facebook. For example, bots were active in promoting candidates at the 2012 Mexican presidential election, though these bots were, at the time, crude and easily detectable. Even so, these imaginary netizens are able to make public personalities and companies appear more popular than they really are, thereby influencing the social and political agenda. As social bots become more sophisticated, they may very well “infiltrate” social groups, shape decision-making, and wield influence with a greater chance of avoiding detection and controversy.

Source: Lee and Maniam, “Island Forum 2014: Advancements in robots and artificial intelligence,” *Robohub*, 6 Jan 2015.

RECONFIGURING THE INVISIBLE HAND

Under Pope Francis, issues like youth unemployment, income inequality, and climate change may become the moral issues of our time. There is a strong parallel to Pope John Paul II’s anti-communist stance in Central and Eastern Europe during the 1980s, credited as the spiritual inspiration behind communism’s downfall. Might Pope Francis’s criticism of capitalism’s failures gather popular momentum to demand that markets include social considerations as desired outcomes?

Source: Hoffman and White, “The Pope as messenger: Making climate change a moral issue,” *The Conversation*, 10 Apr 2015.



HIJACK BY THE ELDERLY

Today's elderly are different. Rich and well-educated elderly voters are exerting political pressure to shape legislation and policy. The better this "grey lobby" does, the worse it looks for the young. The growing schism between the old and young is most apparent in developed economies, where older people tend to fare better in fiscal wars. In the US, entitlements for the elderly have become a sacred cow, to the detriment of the young. For example, medical and Social Security benefits were mostly untouched in Obama's 2012 budget. Meanwhile, youth programmes, e.g. the Adolescent Family Life Program and Career Pathways Innovation Fund, were cut. With pensions left unreformed, the young will bear the brunt of the recession, as exemplified by high youth unemployment and poor job prospects in the West.

There is also mounting evidence that Western "gerontocracy" is contributing to persistent policy gridlock. For example, America's "grey lobby" frequently uses its influence to block attempts to limit the leverage of large financial institutions, and to maintain a favourable carried interest tax treatment. Politically, baby-boomers continue to find scapegoats to protect their own interests, e.g. the Tea Party in the US and the National Front in France blame immigrants for economic problems.

Sources: Marche, "The war against youth," *Esquire*, 26 Mar 2012, Luce, "Is the West clinically depressed?" *Financial Times*, 22 Dec 2014 and Maximino, "The influence of elites, interest groups and average voters on American politics," *Journalist's Resource*, 14 Nov 2014.

CAN ASIA RIDE OUT ITS "SILVER TSUNAMI"?

Asia will soon have to deal with its own "silver tsunami" as it ages rapidly. Japan leads Asia's aging curve, and shows how slowing workforce growth and declines in support ratios mean less savings and less economic growth. Is Asia coming to the end of a demographic golden age, and have the past few decades been "as good as it gets"?

Japan

Unhappy co-existence between the generations is rife in Japan. The young are upset about footing the elderly's social security bill at the expense of their financial security, while the elderly are criticising youth for being uncaring and ungrateful:

"Those who came of age amid the post-war ruins, with its grinding poverty... pride themselves on having rebuilt Japan; to which those too young to have known anything but the stagnant economy... might reply, 'For whose benefit? Certainly not for ours!'" [Y]oung adults today... [are] shut out of regular employment and feeling deprived of sufficient financial security to marry."

Source: Hoffman, "Generations square off in a battle for the ages," *The Japan Times*, 13 Dec 2014.

Hong Kong

The younger generation attributes rising housing prices and escalating cost of living to Hong Kong's close relationship with China. This relationship is perceived as benefiting (elderly) business elites, while struggling young adults try to make ends meet. The younger generation also believes this (elderly) elite group is blocking their attempts for universal suffrage, as seen in the contrasting responses from young and old to the Umbrella Movement.

Source: Chu and Law, "Hong Kong protests expose generational, economic divide," *Wall Street Journal*, 28 Sep 2014.

Taiwan

Many young Taiwanese feel gloomy about their economic future and are quick to blame this on Taiwan's closer relationship with China. Some believe that the youth-led Sunflower Movement had saved Taiwan from economic domination by China. Will these youth-led movements have holding power and lead to economic reform? Or are they more like the Tea Party and Occupy Wall Street movements, which arguably faded away without significant achievements?

Source: "Sunflower seeds," *The Economist*, 11 Apr 2015.

South Korea

Might the young choose to drop out? A survey of South Koreans in 2014 showed more than half wanted "de-growth" – the intentional contraction of what they saw as an "overly-inflated" economy. Support for "de-growth" among the young comes from the belief that the perpetual pursuit of economic growth is not necessary for society. This may be partly because youth feel structurally disadvantaged in the current growth-at-all-costs model.

Source: Park, "The rising appeal of a de-growth future," *World Economic Forum*.