



A new globalization:
managing uncertainty

Description

The Conference of Montreal remains at the height of its reputation for quality

By **Jean-Luc Burlone**

Translation by WestmountMag.ca

At many public events, luncheons, speeches of politicians and others, the topics are often summarized to generalities that the audience already knows. What makes the **Conference of Montreal** particularly interesting is the quality of the speakers who surprise participants and challenge them by justifying a vision at the vanguard of the established consensus and by encouraging dialogue.

Of the forty or so topics that were covered in nearly four days of meetings and discussions, this article will only mention a few with a bias for the risk of disruption: technology, finance, employment, education, gender equality, emerging countries and geopolitics. Technology is the context in which all areas of activity evolve.

... speakers who surprise participants and challenge them by justifying a vision at the vanguard of the established consensus and by encouraging dialogue.

Technology and finance

Clearly, cybernetics brings its own uncertainty. This is the battleground where states and organizations confront cyber pirates. At stake in this perpetual fight is the public's trust in its institutions, while transparency and speed of action are crucial criteria for maintaining it.



While traditional wisdom recommends caution in all new situations, the current context calls for speed, not only to respond to a cyber attack but also for all businesses that must keep up with the pace demanded to survive. In addition, one must fear failure when formulas of the past are applied to the digital context.

Financial business models, which are technology-based (Fintech), fundamentally disrupt traditional financial services. Virtual banks, which have only existed for three or four years (Open Banks), are already serving tens of thousands of customers who crave the freedom to be served at the time of their choice and according to their needs rather than according to the criteria of a conventional bank.



With the virtual banking service (Open Banking) the customer chooses his service providers (insurance, securities, real estate, credit). He or she controls and transmits assets and shares information with the suppliers of his choice at the time of his choice and for the duration of his choice. This service is safe, reliable, transparent and inexpensive but it causes and will continue to cause significant layoffs.

Employment and education

That a new technology causes short-term job losses followed by higher paying, long-term job creation is historically proven. That a diversified education – which includes multiculturalism, languages and computer language – is essential for training the workforce for future jobs is now a consensus.

Nothing really new in this observation except the insistence, noteworthy by its common sense and its relevance, for a panel to emphasize the importance of using human judgment and discernment to work in technology. This same train of thought is supported by experts, professors and researchers, who stress the importance of preceding all technical training with a solid education in art, literature and philosophy in order to grasp the human condition.



'That a new technology causes short-term job losses followed by higher paying, long-term job creation is historically proven.'

This recommendation goes hand in hand with the need for business leaders to analyze the long-term usefulness of artificial intelligence for their business; to think accurately and in depth to establish where and how to use A.I. makes sense. They must take into account the adaptation that A.I. imposes on their staff, and some leaders conclude that it is better to find talent (that have ideas) and train them internally rather than wait to hire young people who have completed their Ph.D.

Gender equality

Gender equality in Canada, as in other developed countries, is on track in most areas. In diplomacy, for example, the breakthrough of Canadian women, now 40% to 50% of the workforce, facilitates the advancement of this issue because diplomacy is the area where politicians, civil society, unions, NGOs and businesses meet and exchange their aspirations. In OECD countries, the future looks bright as women represent more than 50% of the vote for politicians and an educated and efficient workforce for business – a winning combination where virtue and interest come together.

Emerging countries and geopolitics

In developing countries, gender parity is not yet a priority. Governments promote economic development and seldom realize that women's empowerment is one of the major drivers of economic growth, creation and distribution of wealth.

Africa tends to act as a unique country where foreign investment is always in demand but, on the other hand, where the impact of technology suggests that an African city can become a Silicon Valley in the coming years.



India's economic growth (GDP) is estimated at more than 7% in 2018, surpassing that of China. It seems that the high level of corruption and inequality (1% of the population accounts for 30% of economic wealth) has little impact on India's GDP growth. On the other hand, it is to be hoped that India's much-awaited growth will promote the empowerment of Indian women and reduce inequalities.

China, for its part, should no longer be considered an emerging economy. The transformation of its investment-based manufacturing economy into a service economy based on consumption has been remarkably successful. In addition, the Chinese advancement in A.I. is clearly up to the ambitions of "China 2035". It is estimated that 79% of the Chinese population is familiar with A.I., while only 30% of the North American population is.

Some risks on the horizon

In this summer of 2018, we can identify four risks that make global economic growth uncertain:

- The debt risk: all the important economies are indebted, at the governmental level as well as at the level of companies and individuals. The gamble that economic growth will allow the payment of the debt is not a sure thing.
- The indebtedness of emerging countries in US dollar remains very high and if the US dollar appreciates it will become difficult for these countries, whose income is in local currency, to meet their obligations at the maturity of their debt.
- A commercial war hurts all protagonists. The memory of the 1929 crisis, aggravated by tariffs, remains alive and well. Economies are now much more integrated than at that time and it has become impossible to harm a business partner without harming oneself. Common sense should prevail over simple mindedness.



- Finally, the geopolitical risk of an unforeseen crisis or perhaps a reversal if the leader of North Korea is satisfied with what he has already obtained and does not act as Donald Trump hopes.

Some enduring risks

Climate change remains the greatest risk to the global economy, with uncertain but costly and socially damaging consequences. Cyber attacks are a constant threat to national security, data protection, as well as the growth, and even the survival, of businesses.

We see how difficult, uncomfortable, even painful it is to adapt to a new context of great turbulence where the speed of change is hectic.

Sign-up to our newsletter
and get email notification
of our most recent articles

Sign up

Images: courtesy Conference of Montreal

Read also: [Speed and failure improve productivity and growth](#)



Jean-Luc Burlone, Ms. Sc. Economy, FCSI (1996)
Economic Analysis – Financial Strategies
jlb@jlburlone.com

The text above expresses my opinion following my participation in the International Economic Forum of the Americas. Montreal Conference, A New Globalization: Managing Uncertainty. Montreal, June 11 to 14, 2018. – JLB

Fellow of the Canadian Securities Institute (FCSI), Jean-Luc Burlone has an excellent knowledge of financial product management and holds a Master's degree in economics from the Université de Montréal with a dual specialization in development economics and International economy – finance and trade.

15% OFF
SELECT ASIA

Book Now

INTREPID

Category



1. Article | Economy
2. finance
3. International

Tags

1. 24e Conférence de Montréal
2. affaires
3. Conference of Montreal
4. cybernetics
5. gender equality
6. geopolitics
7. technologies
8. Technology

Date Created

June 2018