Brexit’s Challenge to Globalization and Implications for Asia: A Chinese Perspective

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Brexit represents a backlash against globalization and runs in parallel with Donald Trump’s presidential election. Both of these signal the rise of the nation-state and the rejection of the neoliberal vision of globalization in which national sovereignty has been increasingly dissolved. The article argues that it also has fundamental implications for Asia. In particular, China as the world’s second largest economy is playing a bigger role in the region. Furthermore, with the rise of China, Asia’s global order has become relatively fragile and multilayered in the sense that all big powers, such as the US and Japan, have their relative positions in the region simultaneously. In this regard, it would be more realistic for Asian countries to base their integration on their national sovereignty in a pragmatic way that they can maintain flexibility to the changing order of the world.

Keywords
Brexit, Globalization, Asia, Rise of China, National Sovereignty

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I. Introduction

Since the end of World War II, Europe has witnessed the creation of a single market. This began in the 1950s with the Treaty of Rome and accelerated in the late 1980s and the early 1990s with the 1992 Maastricht Treaty and the Single Market Act that came into force in 1993. This set out the ideas of free movement of capital, people and goods, trickle-down economics, a much diminished role for nation states, and the importance of market forces. As a consequence, the integration process was accelerated at an unprecedented pace, bringing rapid internationalization of the market economy with it. This aimed to improve the EU’s competitiveness with North America and the Far East. Its proponents have argued that only a market of continental dimensions can provide the security and the economies of scale needed for the survival of the European capital, i.e. of Europe-based multinationals. After the collapse of the Soviet bloc, nobody would challenge capitalism as a system, nor would the merits of globalization in the context of Europe. Hutton sets out the vision of globalization in the EU in the following terms:

The countries of the EU together have the power to regulate the financial markets and control capital flows, and to play a part in compelling the US and Japan to regulate their relationship better, as part of a world deal … Europe can insist on common social rights across the continent so that multinational corporations cannot play one state off against another in an effort to bid down wages and working conditions. Europe can set common environmental standards and common rules of corporate governance, establishing the concept of the stakeholder company. Indeed, social market Europe can formalize its rules and codes so that … a co-operative, more committed form of capitalism could be defended.

This neoliberal trend prevailed until the victims of globalization stood up against it. In December 1999, the violent protest in Seattle during the World Trade Organization (“WTO”)’s ministerial meeting signaled that not everyone saw the move towards such a neoliberal form of globalization as positive. The trend of anti-globalization,

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3 W. Hutton, The State We’re In 315-6 (1995).
4 Elliot, supra note 1.