

Post pandemic: evolving power dynamics in world economy

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Introduction

The discussion around changing global order has been floating since the advent of the century. After the Second World War, the United States took the responsibility of designing the global, political and economic architecture, aimed at dominating the international system. But with the beginning of this century, US dominance has already started to falter and is no longer proficient to drive the Global Economic Growth. Besides, due to the “lukewarm economy and rising unemployment”, the United States has been shifting its focus on improving the domestic crisis to remain in competition.¹

In the last decade, there has been a momentous rise of other powers. The developing nations like India, China, and ASEAN nations have been gaining prominence as important forces for steering change. China, one of the important players, has always aimed at becoming a strong global power and influence contemporary world politics. India too, has been adopting a slew of measures to outshine the world and assume ascendancy. Both the countries are key players of the international order and have been making efforts to gain a phenomenal advantage of changing world order and influence the global politics and economy.

The Status Quo of the international order will be further challenged now. With the outbreak of Novel Coronavirus which has “affected around 215 nations” as of to the day of this writing,² the new economic and socio-political order would be regulated through new guidelines. The globalization goals of the world would be severely affected by countries strategizing on closing borders and limiting interaction. Now, trade routes will be guarded by doubts, and investment in foreign destinations will be cast with suspicion.³ There are high chances of an impending recession due to lockdowns in a majority of the countries. The whole world will witness an

¹ HE FAN & YE QIANLIN, PARALLEL PERSPECTIVES ON THE GLOBAL ECONOMIC ORDER, CENTRE FOR STRATEGIC AND INTERNATIONAL STUDIES (2017).

²Arfa Javaid, COVID-19 Map: List of all the Countries in the World affected by Coronavirus Pandemic, JAGRAN JOSH, (Jun. 10, 2020), <https://www.jagranjosh.com/general-knowledge/list-of-all-countries-affected-by-covid19-1585121800-1>.

³ Nilanjan Ghosh, How a Changing Global Order will Emerge in the Post-COVID World, OBSERVER RESEARCH FOUNDATION (Apr. 15, 2020), <https://www.orfonline.org/research/how-a-changing-global-order-will-emerge-in-the-post-covid-world-64640/>.

economic depression that will alter the face of the present global economy. The country which would be able to sustain among such tumultuous changes can emerge as a global power, displacing Washington from its hegemony. After the end of the crisis, the post corona world will witness a humongous change in international power dynamics. The post-pandemic world will witness the strengthening of existing trend lines and the development of new strategic dynamics.

Weakening of existing structures

As the Pandemic wreaks havoc on the world, the global value supply chain has started to falter. The Covid-19 crisis has demonstrated that global value chains (GVCs) are extremely vulnerable and unreliable during times like this.⁴ This economic distress is integrated with the failure of countries, which are upfront with the supply chain, to control the present state of affairs. The broken supply ties are having negative effects on the international economy. The United States, which has lost its hegemonic influence, is now additionally burdened with its accelerating domestic affairs. China which had a prominent role in the global supply chain has inflicted havoc on the world and has lost accountability. Chinese authorities deliberately attempted to hide a preventable crisis and as a result, there were consequent repercussions across the world markets.⁵

Besides, the present globalization goals would be severely impacted as the nations would aim to remain isolated and instil the practice of self-sufficiency to contain the spread of contagious diseases. Without an iota of doubt, digital space will become the new medium to steer growth and facilitate trade and transactions. But virtual workplaces have their shortcomings, as they are susceptible to breach of confidential information, cyber-crime, and misuse of privacy. Moreover, there would be a slump in indigenous manufacturing units which will further retard growth and development goals.

The economic shock that is imminent, would be very grave and would require consolidated and unequivocal efforts to face the impending recession. It is for sure that the “trade outlook

⁴ Mohan Kumar, *Post-COVID-19, the World Will Change: Here are 7 Ways How This Could Happen*, HINDUSTAN TIMES (May 6, 2020), <https://www.hindustantimes.com/opinion/post-covid-19-the-world-will-change-here-are-7-ways-how-this-could-happen/story-4MMMISLXFJuGqiglDd2toO.html>.

⁵ Mrinalini Darwal, *Why India has a Chance to Replace China as Global Economic Leader-Post Coronavirus Crisis*, NEWS 18 (Apr. 9, 2020), <https://www.news18.com/news/opinion/why-india-has-a-chance-to-replace-china-as-global-economic-leader-post-coronavirus-crisis-2555057.html>

will revamp, as earlier happened after the financial crisis of 2008-2009, where trade never returned to its previous trends.”⁶

Loss of china’s prominence

Beijing can emerge as a prospective superpower due to rapid and systematic soft power narratives especially when dealing with its neighbours. It could influence other nations to trade with the power by maintaining a suitable positive image and supremacy. The country’s positive influence and supremacy complemented with its improving trade relations. This further emancipated its domestic growth and development, bringing more assets to the country. Therefore, China strategized its power to become a strong leader and ensure holistic growth and development both domestically and internationally. But the sequence of events that led to the present day, has transformed everything.

The COVID 19 pandemic which has grappled the world as a wildfire, has also become the game-changer for the regional and international economic alike. The epicentre of the pandemic is Wuhan, a manufacturing hub in China, which is linked to the rest of the world through trade ties. Countries have been enormously affected by the virus. With chunks of people dying, economies plummeting, and businesses destroyed, China cannot be trusted anymore, as seen from the global perspective. Countries and international organizations alike, have chastised China for hiding the reality and not warning the world of the virus before, which could have prevented the escalation of the virus. Besides, there are a lot of speculations in the world about the origin of the virus in China, where many have even called it an intentional bioweapon manufactured by the Dragon to exert its influence.

This global pandemic of Covid-19 has prompted us to question the inevitable rise of China, not just as an economic but also geopolitical power.⁷ The soft power influence of China which was a result of its positive image in the world is devastated as more and more countries lose faith in the nation which is characterized by myopic thinking coupled with lack of transparency. China can no longer lure people towards its trade strategies by exerting its soft power. It has surely lost its eminence and charm in the world and will now face a severe reliability crisis.

Opportunities for India

⁶ Press Release, *Trade Set to Plunge as COVID-19 Pandemic Upends Global Economy*, WORLD TRADE ORGANIZATION (Apr. 8, 2020), https://www.wto.org/english/news_e/pres20_e/pr855_e.htm.

⁷ Darswal, *Supra* note 5.

India has become an important player in the last decade in terms of International Political Economy and aims to gain supremacy. The domestic and foreign economic policies of the country are aimed at becoming an influential power. India always tried to outshine China and emerge powerfully but China was always a step ahead of its neighbour. Now, with the alteration of the status quo, India is very well positioned to build a dynamic and sustainable world as a leader.

While the global economic system is slated to go to a slump, opportunities and challenges for India are occurring through all avenues.⁸ The changing economic scenario has created new opportunities for India to become a supreme power and lead the economy of the world. India can become a preferred destination for investment and its relatively young human force can provide for growth and development. India has influenced the world a lot, with its cultural and diplomatic presence and it needs to take advantage of its underlying potential. India has an abundance of human capital and improving physical capital which can be the steering forces of global development. “The Indian State needs to wake up to this potential and tap into it to achieve its global ambitions and foreign policy objectives.”⁹

India has been using this opportune time to navigate with new strategies on the tough waters of international politics and economy. The Indian government has been promoting the policy of self-reliance and manoeuvring to increase exports more than imports, when the global supply chain is irresolute. India is already a competitive country in terms of its service sector and well known for its biotechnology and pharmaceuticals.¹⁰

Nevertheless, India is not too well equipped and would need to undergo policy reforms to emerge as a global power through the soft power narrative. Land and labour reforms are key changes required to pilot growth in the country. Apart from that, a legal mechanism and efficient bureaucracy complementing India’s productive potential is the need of the hour. The economic slowdown needs to be dealt with efficiently by the government and well-structured policy reforms should be adopted. A strategized thinking to steer the economy will bring amazing results for the country in the long term.

⁸ Ghosh, *Supra* note 3.

⁹ AMITABH KANT, *BRANDING INDIA: AN INCREDIBLE STORY*, New York: Harper Collins (2009).

¹⁰ Simon Tisdall, *Power, Equality, Nationalism: How the Pandemic will reshape the World*, THE GUARDIAN, (Mar. 28, 2020), <https://www.theguardian.com/world/2020/mar/28/power-equality-nationalism-how-the-pandemic-will-reshape-the-world>.

Conclusion- the way forward

Well, it is quite paradoxical and comical in a way that, during such tumultuous times, the world is predicting the change in the world order and the countries are striving to achieve the same. When at a time, multilateral cooperation is required, nations are unilaterally trying to lead the global front. But this is the tough reality of today's world where power corrupts absolutely. There might be cooperation in some spheres of the world but it is not strong enough to veil the rivalries amidst the crisis. The post-pandemic world is surely going to witness tough rivalries, increased competition, parochial interests, and raw geopolitics contaminating the world. Developing Countries like India have the opportunity to rise as a superpower but that will only be possible if they utilize their dormant potential and wield soft power tactics effectively.