International Journal for Multidisciplinary Research (IJFMR)
E-ISSN: 2582-2160 ● Website: www.ijfmr.com ● Email: editor@ijfmr.com

Future of International Relations: The Reshaping of Western Influence and New Global Economy

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ABSTRACT
Two significant variables are expected to drastically alter the course of international relations in the future: The decline of the West & The emergence of a new global economy. The opportunities and difficulties reshaping presents will put the adaptability and durability of the current global structures to the test.
The world economy is evolving. Governments are learning that although economic interdependence has contributed significantly to global peace, it may also contribute to the military ascent of your main adversaries or supplying the military rise to the biggest rival.
The New global Economy is driven by 4 key protections –
Workers
Climate
Supply chain
Political rivals
It is yet unclear where economic nationalism and populism will go in the future. Their evolution will probably be influenced by a number of issues, such as how well their policies work, what new problems arise, and how other nations and international organisations react.

KEYWORDS: Global Economy, Military Rise, Power , Economic Nationalism, Tariffs, Trade War, Supply Chain Resilience, Financial Crisis, Climate, Reliance, Security.

RESEARCH OBJECTIVES
To take a close look at the world economy and demonstrate how interconnected we all have become, as well as how those connections are being severed and weaponised in response to new dangers, opportunities, insights, and values—above all, a new rivalry between two superpowers that ushers in a new era in the global system in which we are all involved.

LITERATURE REVIEW
"Economic Nationalism and Populism – Intertwining Relations" Rafał RIEDEL University of Opole (2021) This study highlights the connections between economic nationalism and populism and looks at how closely they are related. The study highlights populism's economic component by linking its roots to economic issues and identifying characteristics of economic nationalism that are shared by

both movements, such as an emphasis on the rights of the "real people" and anti-market beliefs. Academics such as Isaacs -Martin have emphasised the significance of economic nationalism in galvanising people towards state-endorsed economic ideologies, which may include policies such as protectionism and endorsement of indigenous goods. Highlights the scholarly potential of economic nationalism and advocates for a nuanced interpretation of it that is separate from protectionism or mercantilism. How economic populism is frequently depicted negatively, associating it with reckless financial choices or political appeasement, especially in times of crisis. Overall, the literature highlights the complexity and entwinement of populism and economic nationalism, highlighting their importance in the current political debate and the need for more scholarly investigation.

"Jean Pisani Ferry & Indhira "Reshaping the Global Economy" (2009) The impact of the global financial and economic turbulence on globalisation is covered in the article. It emphasises that this crisis is the first significant one to arise in the globalisation period and that, in order to create effective corrective policies, policymakers must learn from the past. Prior to the financial crisis, there were problems with globalisation since not everyone saw its advantages. Its opponents claimed that it favoured capital over labour and the rich over the underprivileged. Protectionism has returned, and the balance between the political and economic forces driving globalisation has shifted as a result of the crisis and national reactions that have transformed the world economy. The paper makes the case that addressing the current changes requires international cooperation. It suggests avoiding exchange-rate policies that lead to instability, maintaining trade flows, making sure that national aid programmes do not stifle international competitiveness, fostering confidence in multilateral insurance, and increasing the representation of international financial institutions. The G20 is thought to be essential in thwarting potential economic fragmentation and protectionism. The article, which draws lessons from history, cautions that protectionism can quickly spiral downward and that it takes time to dismantle protectionist measures. It also highlights the limited cooperation within East Asia and the economic dispersion within regions such as Europe, despite shared challenges. If the G20 is able to use the international institutions already in place to confront the crisis and transform the world economy, then it will be seen as a powerful force for good. In order to properly manage the crisis and change the global economy, the paper highlights the significance of international cooperation, policy coordination, and vigilance against protectionism.

" Evaluating the Impact of the US–China Trade War " Ken Itakura Nagoya City University (2020) The GTAP database and CGE models are used in the study's assessment of the GDP impact of the US-China trade war. Estimating the impact of trade conflicts on economic variables such sectoral import volumes, outputs, overall exports and imports, and the trade balance to income ratio for the United States and China has been the main focus of previous studies. Studies that have examined the effects of tariff increases between the US and China in 2018 and 2019 have done so using simulation models. The study adds to the corpus of knowledge already in existence by shedding light on the economic ramifications of the trade conflict between the US and China.

"Power Shifts, Economic Change and the Decline of the West?" Michael Cox , London School of Economics (2012) The literature talks about how the dynamics of the international system are changing, with an emphasis on China's and other Asian nations' ascent. It casts doubt on the idea of a new Asian Century and highlights how crucial it is to comprehend the contemporary world in order to avert violence and worldwide instability. The analysis shows that although China's economy is growing significantly, a number of internal and foreign issues continue to limit expansion. The report also discusses the necessity to avoid underestimating other important regions, such as the Transatlantic area, and the possible effects of a change in power. The literature study highlights the intricate nature of global power dynamics and the importance of strategic thinking in the field of international relations overall.

" Evaluating the 'China threat': power transition theory, the successor-state image and the dangers of historical analogies " Renée Jeffery (2009) The main objective of the essay is to assess the "China threat" using historical parallels, successor-state theory, and power transition theory. Historians like Chan, Overholt, Ross, and Feng use historical parallels to bolster their claims about China's ascent and possible effects on world politics. The Anglo-German competition served as the initial impetus for power transition theory, which has since been criticised for its historical background and underlying presumptions. Scholars such as Levy have pointed out that it is inadequate to extrapolate past models to the present day. Diverse viewpoints on the implications of China's rise for regional and global stability make analysing the "China threat" difficult. This suggests that in order to fully comprehend the changing dynamics of international relations, context-specific and nuanced judgements are necessary.

"The Hyperglobalization of Trade and Its Future" Arvind Subramanian & Martin Kessler (2013) The fast expansion of trade integration following World War II, which reached levels akin to those prior to the war, is covered in the literature on hyperglobalization. Technological developments, lowered policy hurdles, and economic achievements in China, India, Japan, and East Asia were the main drivers of this rise. But questions have been raised about how Chinese policies may affect the US economy, especially with regard to unemployment and lower manufacturing wages. Some recommendations include strengthening social insurance systems and tackling policy difficulties in order to solve globalisation challenges, as well as broadening strategic economic dialogues to resist Chinese dominance. The fall in the trade of intermediate goods since 2000 has also received attention, particularly from China and Asia, which has sparked worries about the possibility of deflation and the necessity of strong trade measures. The literature highlights the intricate dynamics of globalisation and its effects on economic structures by discussing the differing shares of capital in national income across various country groupings between 1995 and 2008.

" The Political Economy of Protectionism " Robert E. Baldwin The core ideas of social welfare by Bergson, Samuelson, and Arrow are examined in detail by Robert E. Baldwin's analysis, which highlights the difference between personal preferences and group ideals. He investigates how these theories affect trade policy, especially as it relates to protectionism and labor-intensive industries. Baldwin also looks at the difficulties in making up for revenue losses brought on by trade policies and the impact that lobbying has on trade decisions. In addition, he talks on the subtleties of redistributive policies in influencing trade results, incomplete knowledge, and the difficulties of political markets. Baldwin's research illuminates the complex variables driving protectionist policies and offers insightful analysis of the political economy of trade.

" Global governance of supply- chain trade " Richard Baldwin , Graduate Institute, Geneva, University of Oxford and CEPR (2012) The document's literature analysis examines how supply-chain trade has changed the way that global trade governance is shaped. Mega-regionals and mega-bilaterals, like the Trans-Pacific and Trans-Atlantic Partnerships, are being established with the help of high-tech countries like the United States. It is believed that the WTO's conventional emphasis on the Doha discussions is insufficient to handle the complexity of supply-chain regulation. The transition to supply-chain commerce requires the protection of both tangible and intangible assets and entails complex cross-border movements. This new paradigm calls into question the WTO's long-standing beliefs, pointing out that, given the dynamics of supply-chain trade, it is necessary to reconsider membership requirements and provide developing countries preferential treatment.

METHODOLOGY

RESEARCH DESIGN - The actions and procedures for carrying out a study, including the choice and application of research methods, data collection strategies, and data analysis methodologies, are outlined in a research design, which is a detailed plan. It acts as a guide to help researchers answer the study question or objective in an efficient manner. A research timetable, ethical issues, constraints and validity, variables and measurements, data collection methods, sample strategies, research objectives, research approaches, and data analysis techniques are often included in a research design.The issue or subject under investigation should be explicitly stated in the aim, the research approach should be selected in light of the research question and the resources at hand, the sampling strategy should be described, and the techniques for gathering data should be defined. The research timeline should delineate the various phases of the investigation and ethical aspects should be deliberated. A well-planned research study increases the effect and legitimacy of the results.

DATA SOURCES - In a research article, the origins or locations from where the data were gathered are referred to as data sources. The original sources of the data used in the study, such as surveys, experiments, interviews, or fieldwork, are known as primary data sources. Existing data sources, such as published books, government publications, databases, or publicly accessible datasets, are referred to as secondary data sources and are employed in research projects. Sampling techniques are crucial, and the process of gathering data should be thoroughly described, encompassing the time, place, and ethical issues. The study questions or hypotheses should guide the selection of data analysis techniques, and data validation and quality control are essential. A thorough explanation of the data sources and methodology aids in assessing the validity, generalisability, and reliability of the results, and open reporting promotes future research and repeatability.

COMPARATIVE ANALYSIS - Methodical approach that is used to compare and contrast various entities or variables in order to find patterns, differences, similarities, or links. Determining the variables or elements to compare, choosing cases or entities, outlining the data gathering procedure, establishing the study purpose, and outlining the analytical tools employed are all part of it. Results and analysis are provided, emphasising any patterns, distinctions, or commonalities found in the examples. Considerations including sample size, representativeness, generalisability, and data source trustworthiness are made when discussing limitations and validity. This method advances the body of knowledge in the subject, facilitates the development of theories, and permits a thorough analysis of research topics. A detailed explanation of the approach should come first, then the results and their interpretation should be presented.

CASE STUDY - Entails a thorough examination of a particular case, group, organisation, occasion, or phenomenon. aim to give a thorough understanding of the subtleties and complexities of the selected case, which frequently entails gathering and analysing data from a variety of sources. This includes outlining the research objective, choosing the case, outlining the procedure for gathering data, outlining the analytical methods employed, and presenting the results and interpretation. The results could be improved by offering a thorough explanation of the case situation, methodology, and analysis, even though they might not be directly relevant to other circumstances or populations.It is important to recognise the limitations of the case study technique, including sample size, generalisability, biases, and potential subjectivity in data interpretation. Case studies are helpful for giving in-depth, deep insights into particular examples; they are especially helpful when examining complicated or multidimensional phenomena.

PLATFORM ANALYSIS - Looks at the composition, dynamics, and effects of digital infrastructures such as social media, e-commerce, and online marketplaces. It entails establishing the goal of the study, choosing the platform or platforms to be analysed, outlining the procedure for gathering data, creating an analytical framework, and utilising the proper analytical methods. Key insights, trends, and linkages are highlighted in a clear and succinct manner in the findings presentation. Policymakers, stakeholders, and platform operators are given advice and implications. The platform analysis approach acknowledges its limitations, including data availability issues, biases in data sources, findings that may not be broadly applicable, and difficulties assessing specific platform features. Insights for platform design and management, policy discussions, comprehension of the platform economy, and the dynamics and effects of digital platforms can all be gained through the use of platform analysis.

INTRODUCTION

The amalgamation of domestic economies into an international economic framework stands as one of the most consequential advancements of the past century. The result of this integration process, which is sometimes referred to as "globalisation," has been a notable increase in international trade.

Indicators of economic globalisation that are most often mentioned include the striking rise in international trade that has occurred during the 1970s. This is a reflection of the growing success of creating ever-deeper global product markets. The most useful way to illustrate the relevant rise is to examine standardised global export volume numbers, as this enables insightful side-by-side comparisons. By using the 2000 figure as the baseline, or 100, which in turn equated to roughly $8.6 trillion in global trade in value terms, this contrasts with the usual numbers of 22 for 1970, 37 for 1980, and 54 for 1990.

Stated differently, the amount of world exports increased by around a factor 4.5 between 1970 and 2000, a factor of 3 between 1980 and 2000, and a factor of 2 between 1990 and 2000 alone during this early period of economic globalization's take-off and maturation. This is an increasing trend that has only partially weathered the effects of the world financial crisis and the start of a new period of uncertainty. The overall value of world trade on merchandise goods stood at $16.0 trillion in 2016, the latest year for which complete records were available at the time of writing (September 2019)-or $16,000,000,000,000 when written out in full. This is up from $13.7 trillion in 2007, immediately before the onset of the global financial crisis (WTO 2008: 9), but down from $18.5 trillion in 2014, the current record (WTO 2015: 24). The standardized number for 2016, again using 2000 as the benchmark of 100, was 186, as compared with the all-time high of 215 recorded in 2014 (all figures calculated from WTO 2017).

Historical data also indicates that starting in the 1970s, the global economy was opening up to greater international trade. The ratio of growth in worldwide trade to growth in global GDP is the key statistic in this case. The global economy's overall growth, not only its general expansion in trade openness, is the primary cause of all increases in world export demand if the two numbers are precisely the same and the ratio is 1:1.The WTO (2017- 18) has calculated that, from 1945 to the present day, this ratio has averaged around 1.5:1 as a whole. The take-off period to economic globalization, 1970-2000, witnessed a ratio of 1.77:1, showing that increases in global trade were approaching double those of global GDP. Since 2000, however, the picture has been more mixed: well above 2:1 in good years for global merchandise trade, but averaging only around 1:1 since the global financial crisis. The most up-to-date figures, those for 2016, even dipped well below not only the long-term historical trend but also the post-global financial crisis trend, to 0.6:1.

This demonstrates how the global economy is becoming less trade-open and, for that year at least, less intensely globalised.

Globalization is a historical process characterised by:

The transnational extending of social, political, and economic activity such that choices, actions, and events in one part of the world may have an influence, both directly and indirectly, on people, communities, and nations in other parts of the world. Millions of people have been displaced by civil war and strife in Syria and Yemen, for example, and have moved to neighbouring states and even further to Europe in search of asylum.

The increasing degree, or intensification, of interconnectivity in nearly every aspect of contemporary life, from the ecological to the economic, from Google's worldwide reach to the spread of deadly germs like the SARS virus.

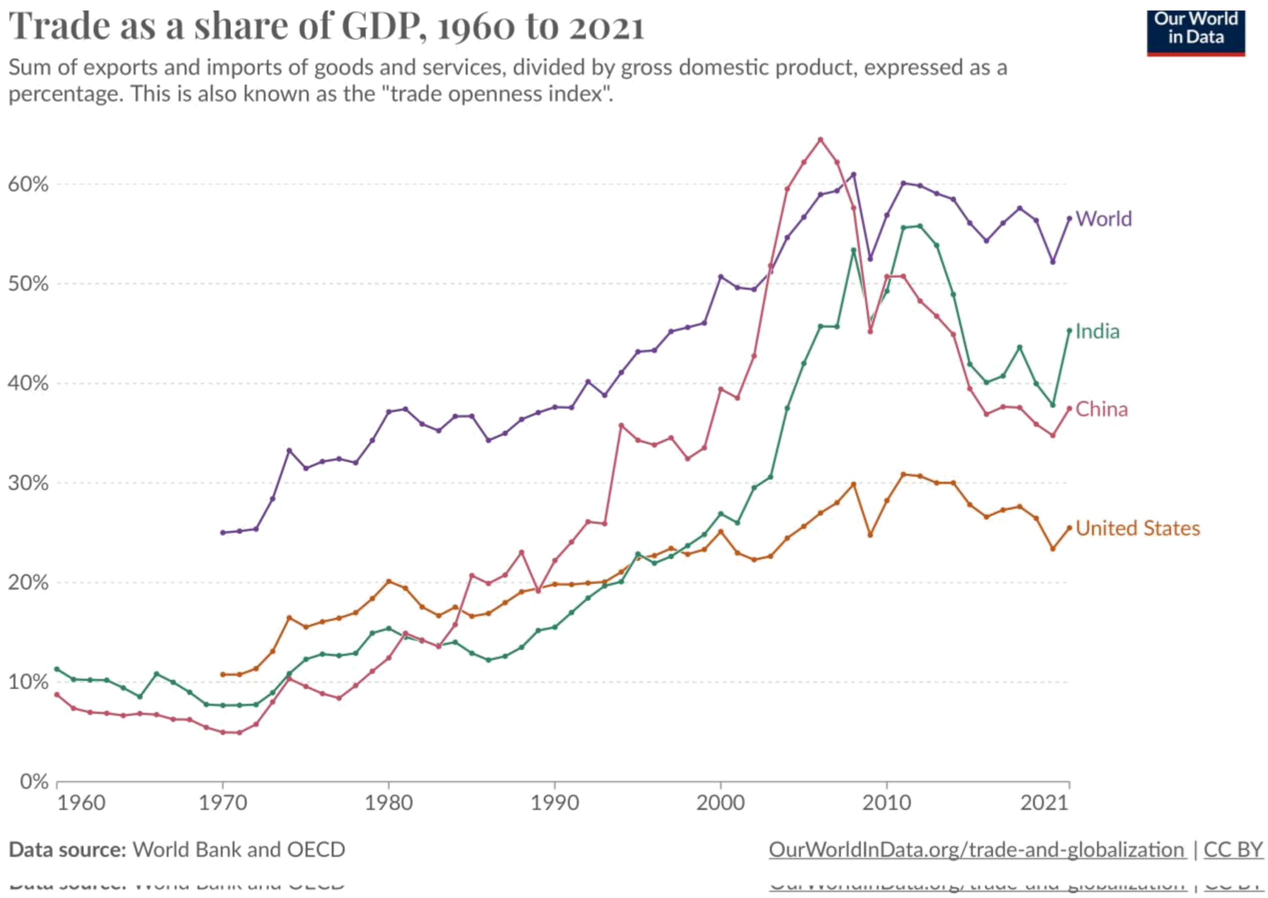
The speed at which ideas, news, goods, information, capital, and technology travel the globe, leading to an acceleration of global flows and processes. For instance, minutes after trading began on "Red October," 2018, stock markets all around the world saw a synchronised collapse.

The increasing blending of the local and the global to the point where it is impossible to tell what is domestic from what is foreign. The Pacific Islanders of Samoa and Kiribati, for example, can be less affected by climate change if carbon emissions in Glasgow or Mumbai are reduced.

In actuality, trade on an ever-expanding scale has played a significant role in the history of human civilization; this is the standard today. We refer to it as the economy. By the turn of the 20th century, the world was relatively interconnected, and there was new global trade everywhere. However, it was still rather complicated, with various trade laws and currencies applied to each country.

Countries were worried that foreign products would threaten their domestic producers, so they put up trades barriers and imposed big tariffs on stuffs coming into their country. Then 70 years ago, come that era that almost tore this world apart.

The US rose from the war's ashes to become the most powerful nation in history. Its roots and impact extended to every part of the world. And the US and its allies created a new economic playbook for the international economy with that newfound authority. Everything would essentially have to be paid for in US dollars since they would set the dollar as the standard currency. This aided in systemic stabilisation. It made things move more predictably and facilitated cross-border money transfers between nations. The United States of America also convened nations with the aim of reducing the tariffs levied on goods entering and leaving their borders. And through all these efforts, all these new rules, borders opened up. Investors could put their money almost anywhere on earth to grow new businesses.



Companies may search distant regions for less expensive labour to staff their plants. Hundreds of millions of individuals began to benefit from the world being one huge marking.

GLOBAL CAPITALISM TRANSFORMED THE WORLD ECONOMY THROUGH MASIVE TRADE AND TECHNOLOGICAL ADVANCEMENT

Even China, which was fiercely anti-capitalist, was unable to resist the relentless pull and remain outside of the world economy, which was more open than anything the world had ever seen. China then jumped in, declaring that while they would continue to be a Communist nation, a few dozen of their coastline towns would be made available for trade in this new worldwide market. Millions of impoverished rural Chinese people travelled to coastal cities in search of jobs, often at low cost, on the international market. After taking a close look at all of its plants worldwide, the Corporation decided it would be more prudent to relocate these operations to China, where labour costs would be much lower.

The coastal cities of China that opened up to the global economy rapidly gave the impression that hundreds of millions of Chinese people had been propelled from poverty into the new middle and upper class by the magic of the target economy, which was founded on the laws and regulations the US had established following World War II.

Although it was beneficial for China and several other nations, the many people whose jobs had just been eliminated felt betrayed and that this was a surefire way to end up in poverty and as a ghost town. One of the first significant tastes of the economic suffering that this global economy has the potential to inflict on a vast number of people was the China shock. However, it was all worthwhile for the others, as they noticed a rapid decrease in retail pricing that looked feasible.Washing machines, shoes, tools, toasters, couches, toys, mattresses , lawn chairs anything you can think of is now flowing from Chinese factories and available for dirt cheap at local Walmart, changing people's lives in countries like Vietnam, India, Chile, and Thailand, which had rapid economic expansion during this time. China became completely integrated into the global economy in the 1980s, and at the same time, both the US and the UK elected presidents who supported free trade and global capitalism. The introduction of new technologies helped the system by facilitating the flow of information across boundaries and the international movement of people, capital, and things.

FREE TRADE HAD PROMISED GLOBAL PEACE AND PROSPERITY

TRADE POLICY: By utilising labour and materials from any country in the world and arranging for them to arrive at the store at the appropriate time, these regulations would send goods through an incredibly intricate supply chain that would eventually bring billions of strangers who don't speak the same language together to work together in the same market. The globalisation we know today was brought about by this conceptualisation of economic policy. Rethinking the policy and tampering with it will allow us to undo much of the globalisation that is currently taking place.

The Soviet Union having just collapsed, free trade and global capitalism had clearly defeated communism, and the free market's magic was thought to hold the key to solving almost every problem. The major superpowers' worldwide struggle had just been resolved, perhaps permanently, by free commerce. Global poverty was being eradicated by free commerce, which also pushed nations towards democratisation. "The more China liberalises its economy, the more fully it will liberate the potential of fits people, their initiatives, their imagination, their remarkable spirit of enterprises, and when individuals have the power not just to dream, but to realise their dreams, they will demand a greater say," said Bill Clinton, giddy with excitement over how well everything was going and his prediction that free trade would bring democracy to China.

Because free commerce would entangle nations in mutually beneficial agreements that would be absurd to oppose, it would abolish the age-old human scourge of conflict. Ultimately, free trade has transformed Europe from a war-torn continent into a close-knit community where people smile and hold hands.
China keeps producing goods to export to the United States. Their increasing reliance on them would undoubtedly stop any conflicts.

CASE STUDY

The BRICs and the rise of China

Among the most remarkable aspects of the global political economy since the late 1980s has been the rapid rise of the economies of China, India, and several other rising nations. Several names have been used to this group of nations; the most well-known ones are "rising powers" and "BRICs," which stand for Brazil, Russia, India, and China, the main nations thought to be included in the group.In order to identify the four economies that had the potential to grow to be the biggest and most significant in the twenty-first century, Jim O'Neill, the head economist at Goldman Sachs at the time, first used the phrase "BRICs" in 2001. Frequently, South Africa is included on that list. Since each of these economies and nations is actually quite distinct from the others, many people think it is unfair to lump them all together into one group. Nevertheless, this moniker gained traction, especially in the international policy and finance domains.
Naturally, China is the most important economy in this category; it surpassed Japan to become the world's second largest economy in 2014 and emerged as the world's top exporter in 2010. Forecasts indicate that by 2050, the Chinese economy would have surpassed the US economy to become unquestionably the greatest in the world, however these predictions coexist with ongoing worries about growth slowing down and recession worries.
The yuan, the currency of China, has been an international reserve currency since it was added to the IMF's currency basket in 2016. China's quest of resources and possibilities around the globe is another indication of its growing economic might; continents like Africa and Latin America are now popular investment locations for Chinese capital. China is the largest foreign holder of US debt. In mid-2018 its holdings of US Treasury bonds, bills, and notes reached some US$1.2 trillion, equivalent to about 20 per cent of US debt held by foreign countries, and some 5 per cent of total debt. If the Chinese were to sell off large quantities of this debt, or stop buying US debt in the future, the implications for the US economy--and by extension the global economy- would be very serious indeed.
The election of Donald Trump in the United States in 2016 ushered in a period of increasing economic tension between China and the US. Trump's rhetoric has consistently centred on the 'unfair' trade advantage enjoyed by the Chinese economy, and its implications for the jobs and wages of American workers. This rhetoric crystallised in an escalating trade dispute in 2018, when the imposition by the US of tariffs on imports of goods from China (as well as some other countries) led to retaliatory tariffs imposed by China, raising the prospect of a destabilising ‘trade war' between the two largest economies in the world.
There are urgent questions for IPE students. Is the current global political-economic system based on US hegemony and neoliberal globalisation being replaced by a new one driven by China's rise? What effects will China's growing political aggressiveness and strength have on global governance? What are the potential political and economic fallout from a trade war—or even just a high level of tension —between

the United States and China? Are we witnessing an acceleration of the protectionism trend in the world economy once more?

The short answer is that it remains too soon to know, but it is clear both that the implications of China's rise will be significant, and that what happens in and around the Chinese economy has wide-ranging repercussions for the global economy.

COUNTRIES ARE INCREASINGLY PROTECTING HOMEGROWN INDUSTRIES FROM THE GLOBAL MARKET

Governments everywhere are reversing much of the globalisation in a relatively abrupt manner. The remedy is -

INDIA

- India has been providing incentives, such as production-linked incentives (PLIs), to businesses that wish to produce goods like electronics, smartphones, and prescription drugs domestically.
- In response to business pressure for quicker payouts to enhance the programme, which aims to increase investment in manufacturing, India's top bureaucrat examined a production-linked incentive system on Thursday, according to a government official.
- The programme is essential to strengthening the larger Indian economy, which has struggled to generate enough jobs, especially in manufacturing, and has been deprived of private investment for almost ten years.
- Launched in 2020, the $24 billion initiative encompasses 14 areas, from pharmaceutical medications to electronic devices, although it has only been successful in a few of those thus far.

SOUTH KOREA

The Korean New Deal, which was unveiled in Korean on July 14, 2020, calls for fiscal investments totally 160 trillion won, or 114.1 trillion won, in order to generate 1,901,000 employment by 2025. The goal of the Korean New Deal is to strengthen laws to encourage the private sector and provide budgetary support for pump priming in order to turn the economy into a greener one with more digital services and robust safety nets.

JAPAN

As part of its efforts to lessen dependency on Chinese manufacturing, the Japanese government will begin providing subsidies to some businesses who invest in factories located in Japan and South-East Asia.

The Ministry of Economy, Trade and Industry announced on Friday that 57 companies, including the privately held face mask manufacturers Iris Ohyama Inc. and Sharp Corp., will receive a total of 57.4 billion yen ($536 million) in government subsidies to invest in production in Japan. A different statement stated that another thirty companies will receive funding for investments in Vietnam, Myanmar, Thailand, and other countries in Southeast Asia; it did not specify how much money would be given to these companies.

AUSTRALIA

- Following an agreement to coordinate policies and investment to support the industry's growth, Australia has gained the support of the United States for the development of its critical minerals industry.

- In an effort to diversify supply chains away from China, the world's top producer of lithium, Australia provides around half of the world's supply of this mineral as well as other minerals like rare earths that are used in batteries for electric vehicles and the military.

NIGERIA

In certain important areas, Nigeria's trade policy is protectionist. The goal (if not the actual result) of high tariffs, limited foreign exchange access for 44 import categories, and bans on numerous additional imports is to encourage growth in the domestic manufacturing and agricultural sectors. The government offers tax breaks and exemptions from customs duties to forward-thinking industries, such as renewable energy. Nigeria's foreign exchange reserves were under strain in 2022 due to a decrease in oil exports, an increase in the cost of imported commodities, an overpriced currency, and the country's costly petrol subsidy programme. Lack of access to foreign money is often cited by both domestic and foreign enterprises as one of, if not the biggest, obstacles to conducting business.

EU

- Since more than 80% of the passenger cars produced in China were sold domestically in the first eight months of this year, the immediate effects of any tariffs imposed by the European Union on the Asian nation's economy are probably going to be minimal. A rare bright light in China's stuttering post-pandemic economy, the EV sector has sustained growth and boosted exports.
- The move by the bloc to counter China's increasing EV capabilities is a setback to President Xi Jinping's plan to seek the EU as a shield against US challenges to the second-largest economy in the world. It also draws attention to how challenging it is for the EU to develop trade relations with China while simultaneously being cautious about possible supply chain and national security threats.
- A key component of the European Union's strategies to combat climate change and wean itself off of its reliance on Russian fossil fuels, the group achieved a provisional agreement over increased objectives for renewable energy.
- Representatives of the European Parliament and Council reached a consensus that by 2030, the 27-nation EU would pledge to source 42.5% of its energy from renewable sources such as solar and wind power, with the possibility of augmenting this percentage to 45%.

USA

The US, who has long been a proponent of the contemporary free market global economy, is now veering away from their previous approach. Obama attempted to expand free trade with Asia, and now, with the election of Trump and Biden, the US is rewriting its economic policies to counteract some of this free trade. What drives white people mad is that both Republicans and Democrats seem to agree that this needs to be done quickly.

Free trade agreements (FTAs): Obama concluded and put into effect free trade agreements that had been negotiated by the Bush administration with South Korea, Colombia, and Panama.

Trans-Pacific Partnership (TPP): Supported by the Obama administration, the TPP is a major trade pact that includes twelve countries around the Pacific Rim. The agreement was viewed as a means of fortifying economic relations and countering China's economic sway over the area. But because of worries about environmental regulations and job losses, it proved divisive in the United States.

With the goal of establishing the largest free trade area in the world, the United States and the European Union engaged in another significant trade agreement known as the **Transatlantic Trade and Investment Partnership (TTIP).** The rising bipartisan consensus on the need to address the issues raised by China's economic practices, maintain the robustness of U.S. supply chains, and safeguard

American companies and jobs, however, prevented it from being finalised during Obama's administration.

The $52.7 billion investment in domestic semiconductor production made possible by the **CHIPS Act** seeks to accomplish three key goals:

Lessen the possibility that international shocks will interfere with the supply of chips

Increase American economic competitiveness abroad and generate jobs domestically

Guard against manufacturing-process sabotage of semiconductors.

This essay makes the case that none of these objectives will be fully achieved by the CHIPS Act on its own. Although the legislation is a significant improvement, there are still a number of gaps that call for more government intervention.

In particular:

In support of President Biden's Investing in America agenda, the U.S. The Department of Energy (DOE) has made $32 million available for initiatives that would support the construction of facilities that use domestic coal-based resources to create rare earth elements and other essential minerals and products. The Bipartisan Infrastructure Law's investment will improve domestic supply chains, assisting in meeting the rising demand for vital minerals and lowering dependency on outside sources.

The production of sustainable energy technology in the United States, including solar panels, wind turbines, electric cars, and hydrogen fuel cells, depends on rare earth elements and other essential minerals. A wide range of valuable rare earth elements found in coal and coal production waste can be transformed into components of clean energy technologies, generating high-quality jobs in the energy sector and advancing President Biden's historic climate agenda and Bidenomics plan for bottom-up and middle-out economic growth.

According to a U.S. government report released on Tuesday, federal funding for renewable energy producers in the United States more than doubled between 2016 and 2022, accounting for about half of all energy-related support during that time.

According to the Federal Financial Interventions and Subsidies in Energy report from the Energy Information Administration, renewable subsidies increased from $7.4 billion in fiscal year 2016 to $15.6 billion in fiscal year 2022.

The administration of President Joe Biden announced on Wednesday that it plans to use $2 billion from the Inflation Reduction Act of last year to boost domestic production of electric cars and revive failing businesses.

The United Auto Workers (UAW) union and automakers' opposition of proposed environmental laws intended to help usher in the EV era could be deflected by the White House with the help of speeding grants and other subsidies to finance the conversion of existing auto factories to create electric vehicles.

THE GLOBAL ECONOMY IS SHIFTING POWER DYNAMICS AND INCITING PROTECTIONIST POLICIES

Governments are imposing tariffs on imports, which protect domestic producers of certain industries so they are not forced to compete with the global market. For example, the US has banned American companies from selling certain products to China. They are also increasing scrutiny of investment that comes in from places like China. These policies include massive government spending bills like the CHIPS act in the US, which allocate over 50 billion government dollars to companies that produce microchips in the US instead of Asia. This is also happening in other industries that the governments have deemed vital, like critical minerals, eras, and clean energy.

WHY IS THIS HAPPENING: Big shift in economic policy The New global Economy is driven by 4 key protections -

WORKERS: While there were many winners in the global economy, there were also many losers, many of whom were immigrants who lost their employment as their employers relocated to less expensive countries. Economists now dispute the "Source's" claim about how troublesome this was in reality. A significant psychological impact of closed industries and unemployment is felt by those who worry that AI will replace them or that their jobs will simply disappear abroad. In order to preserve jobs in their nation, the government is achieving this by heavily funding specific industries.

CLIMATE: Governments realise they will need to force the market to take seriously issues like electric cars, solar panels, and other green infrastructure because the free market will not encourage them. The next big realisation about the global economy is that it does not really care how much carbon it pumps into our atmosphere. Our world is barreling towards a very real climate crisis.

SUPPLY CHAIN: One of the greatest things about the modern global economy is that goods are created from raw ingredients that are toasted globally at just the right moment and location to combine and form a finished good that is then placed on a shelf in a store for us to buy. These supply chains span the entire globe and are absurd. And it functions perfectly up until the global epidemic shuts down the world, depriving people everywhere of the goods they either needed or had grown accustomed to having. Once more, economists contend that the extent of the damage was such that "no supply chains held up really well during Covid." Nevertheless, following Covid, all of us at MIT have a pretty nasty taste in our mouths regarding supply chains, regardless of what some academic economists say. It feels like too thin a system. Many of us are overly dependent on an unstable network of distant international connections that could become strong at any time, which is why governments have implemented protectionist laws in the hopes of relocating supply chains within their borders.

The Future of the WTO

International industrial networks have outpaced the WTO; this is known as "supply-chain trade."

Particularly, mega-regionals (TPP, TAP) and mega-bilaterals that are undergoing talks will harmonise supply-chain disciplines.

*Therefore, unlike WTO 1.0, the fundamental agreement in supply-chain cooperation is not, "I'**ll keep my market open if you keep yours open.**" "**I'll offshore my factories and technologies if you guarantee the protection of my tangible and intangible assets**," is the statement.*

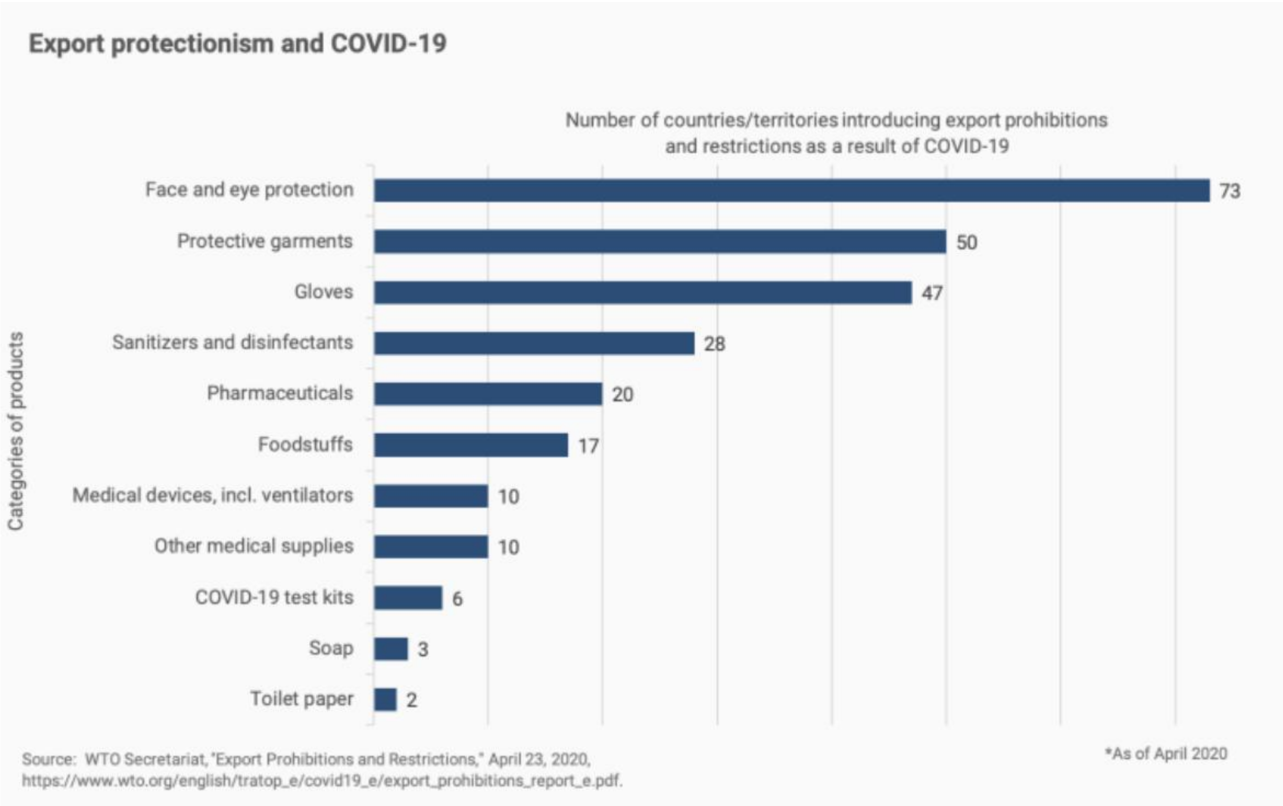
The WTO's dominant role in the governance of international commerce is and will continue to decline. If things continue as they are, multilateralism will continue to be the norm for traditional trade; however, when it comes to the most dynamic area of global trade, supply-chain trade, fragmentation and exclusion are more likely to occur.

POLITICAL RIVAL - The most significant explanations for all of these may be found in Bill Clinton's erroneous theories: trade did not spur China to undergo a democratic revolution, and the world did not come together to form an expansive free trade bloc that would entangle and fit together. Actually, the exact reverse has occurred. After joining the global economy, China became extremely wealthy very quickly, and relations between the two largest economies in the world are at their most hostile in years. They have begun to play the US at its own game.With one of the largest militaries today, China is able to project its power over the world by lending money to individuals or building things, and it is attempting to unseat the US as the country that sets the terms for the global economic system. Many of Joe Biden's protectionist policies are actually directed directly at China, in an attempt to prevent them from using US technology to gain an advantage in the microchip war. This is because the world is concerned about the rapidly rising rival across the ocean, especially when it is partially powered by American technology. Specifically, silicon chips, or microchips, are what give weapons their intelligence and will be the driving force behind the AI revolution.

RISE OF ECONOMIC NATIONALISM AND POPULISM

In international relations, economic nationalism and populism have seen a striking comeback in the twenty-first century. These interdependent pressures are causing a reassessment of conventional methods for international collaboration, as well as changing global dynamics and upending long-standing norms. It is vital to comprehend their ascent and possible ramifications in order to effectively navigate the intricate future terrain.

The world is responding to some flaws in the international system of free trade. They are erecting obstacles for the purpose of defence. A series of crises that drive us inside, including the emergence of economic nationalism and populism as well as the escalation of tensions between major nations.



CASE STUDY

The Chinses currency and the US trade deficit

In August of 2018, Donald Trump deviated from yet another tradition connected to his position. With his statement, "I think China's manipulating our currency, absolutely," he became the first US president in 25 years to publicly accuse another nation of utilising the state's power to manipulate currency (Mason and Holland 2018). This was only a restatement of the populist nationalist rhetoric he has employed during the campaign trail. Trump alleges that China is undermining US workers' wages by utilising an artificially low value of the yuan to undercut US prices.

Finding an economist who concurs with Trump's assessment of the issue is challenging, though. Nevertheless, this continues to be a fascinating example of global political posturing since it demonstrates how decisions made in one area of international trade and finance can have an impact on other areas. There is no denying the enormous US trade deficit with China, but there are numerous ways to politicise it.

Making symbolic gestures to the domestic worker, which has ample cause to believe that it has been underserved by economic globalisation in recent decades, is Trump's version of populist nationalism. His readiness to drag his nation into a trade conflict with China signals to his supporters that he intends to defend their interests by bringing back jobs that were previously lost to foreign rivals. All the "evidence" he needs to support his right to carry out preemptive action against China is the declaration that the Chinese monetary authorities are purposefully maintaining the yuan's depreciation relative to the dollar.

Regretfully for Trump, however, the real data suggests otherwise. Trading in the futures market has suggested that the yuan is overvalued rather than undervalued over his entire campaign and presidency. To maintain the value of the yuan above what it would have under pure exchange rate floating, China has used up a sizable portion of its foreign exchange reserves. When the Chinese monetary authorities initially permitted their currency to largely float in 2005, this rate was still far higher. The price of Chinese goods would decline in relation to US prices if official support for the yuan were removed. This would give Chinese producers a greater competitive edge and probably lead to an even worse US trade deficit—the exact reverse of what Trump wants. Another significant move is China's continued support of an overpriced currency. Its purpose is to make it easier for the yuan to be included in the SDR system of the IMF. It would send a political signal that the yuan is now a worldwide reserve currency that is becoming more and more comparable to the dollar and the euro, even though this is only an honorific position.

Generally speaking, it appears that specific "hotspots" of globalisation have emerged, concentrated on the most developed industrialised nations, where there has been a notable increase in cross-border economic activity. Therefore, intensity metrics seem to better capture the core of these shifts. The so-called gravity models of economics capture these in connection to commerce. A very simple hypothesis is robustly empirically supported by such models: trade flows are more likely to reach a final consumer who lives closer to the site of production than farther away.

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Since the organisation of cross-border economic operations has tended to concentrate exclusively on the most developed sectors of the global economy, this is partly a development issue. The fact that the developed industrialised nations retain the majority of the economic benefits from globalisation for themselves is partially due to political asymmetries in the regulatory framework governing international commerce and finance. This chapter largely focuses on the regulatory foundations that underpin global trade and global banking today, while other chapters in this collection specifically address development challenges. The intention is to draw attention to the ways in which these two regimes bear the imprint of the interstate system's power dynamics. This would enable the trend towards economic globalisation to be understood as a blatantly political process. In the event that the present surge in populist nationalism goes unchecked and results in a considerable deglobalization in the aftermath, the same fundamental paradigm will also be required.

CONCLUSION

It is yet unclear where economic nationalism and populism will go in the future. Their evolution will probably be influenced by a number of issues, such as how well their policies work, what new problems arise, and how other nations and international organisations react.

India is paying businesses, particularly those in vital sectors like electronics and pharmaceuticals, to maintain their output within its borders.

Japan is offering financial incentives to businesses to relocate their supply networks from China and to return production to Japan.

Instead of waiting for the free market to come develop it, South Korea is providing state funds to businesses that create green energy infrastructure.

Australia is encouraging mining businesses to locate their rare earth ore processing facilities domestically rather than overseas by using tax payer funds.

Nigeria is placing limitations on imported items in an effort to boost indigenous production of goods like cement and rice. They have no desire to depend on other nations.

Vladimir Putin demonstrated to us that economic entanglements may indeed be used as a weapon by cutting off the pipelines that supply natural gas to Europe, which is required to run companies and heat homes.

With strong bipartisan support, subsidies for renewable energy producers more than doubled between 2016 and 2022, $32 million for projects that will help build facilities that produce rare earth elements and other critical minerals, and other benefits, Joe Biden is investing heavily in bringing production home.

The two main forces that are expected to have a significant impact on the future of international relations are the decline of the West and the emergence of a new global economy. The opportunities and difficulties this reshaping presents will put the adaptability and durability of the current global structures to the test. The world economy is evolving. Governments are learning that although economic interdependence has contributed significantly to global peace, it may also contribute to the military ascent of your main adversaries.

The hypothesis that would promote peace It would be inaccurate to say that we are economically connected; in fact, it appears that these entanglements may serve to fuel conflict rather than to diffuse it.

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