

BY KUMAR DAVID

An immensely changed world order

If I have said it once I have said it a dozen times: The global status quo is undergoing dramatic changes and the post-WW2 arrangements signified by the following markers are being transformed.

- The post-war economic boom and the welfare state are finished.
- China has become a powerful economy and will overtake America in about a decade
- The uncontested global hegemony of US Imperialism is winding down
- The hegemony of the US\$ as the global reserve currency is fading
- The unipolar world of the last 50 or so years is changing into a multi-polar world
- The new economic alignment BRICS+ is assuming great importance
- The South China Sea has become a contested strategic sphere
- The Middle-East and Palestine/Israel have become a boiling cauldron
- Russia has become assertive and assumed a new strategic role
- The Global South is shedding the leadership of US Imperialism

I will discuss some of these points in my essay today and in my usual style keep it short.

The first point is I believe universally agreed. On the second point the Chinese economy is already the largest in the world in Purchasing Power Parity (PPP) terms. The hegemony of the US dollar is winding down in several ways such as an increasing number of transactions between countries are being settled in “local” currencies - for example India settles oil sales with Russia in rupees, Russia and China trade gas and oil in local currencies and Europe is quite concerned about the high price of

liquefied natural gas (LNG) from American sources after gas supplies to Europe from Russia were disrupted by sabotage of one of the submarine Russian supply lines.

The importance of the US dollar in part is a result international clearance mechanisms such as SWIFT, but America’s unabashedly brazen politically motivated efforts to confiscate Russian assets parked in dollars has sent shock-waves through financial systems. The message is clear: “Holding dollars is risky”. The era of weaponisation of the US dollar is being contested. Reserves held by other countries in dollars (53%) is the lowest in 25 years and purchases of gold led by China, Singapore, Poland and Libya were at a record high in 2023.

BRICS+ includes six new members (Iran, Egypt, Saudi Arabia, Ethiopia and the UAE) in addition to the five denoted by the original acronym. The five additions will take the population of the BRICS group to a total of 3.65 billion, or 47% of the world’s population. BRICS+ will increase in economic output to about 50% of global total in Nominal Terms – that is well over 50% in PPP terms. There are five more applications pending and the bloc is likely to grow further.

But there is more to come! Over twenty other countries, including several regional heavy-weights have applied to join BRICS (BRICS++). They include Indonesia, Mexico, Nigeria, Pakistan, Bangladesh,



Global crisis

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Thailand and even Turkey. The attraction of BRICS is that it is mainly an economic construct, not a Cold War American ideological alignment. True enough the Chinese economy dominates and will continue to be dominant in the BRICS+ grouping but economic investment, infrastructure expansion and new development projects drive the bloc.

It is always my intention to present a holistic and balanced picture, therefore I need to comment on the difficulties that China is facing at the

moment which are fourfold: viz; strategic ambiguity in the Taiwan Straits and Western Pacific Island chains in the vicinity of China, the huge crisis in the Chinese domestic property sector, the ongoing process where many banks and companies are moving their head offices out of Hong Kong to neighbouring territories and finally, along with the rest of the world, concerns relating to global energy and supply chain security.

None of these concerns can be

easily addressed but I see the taming of the demons of property market as the most amenable to taming by the state-led Chinese system. Creating fear about new security laws that are to be enacted by China to control public protests is foolish and unnecessary. True the student riots of two years ago in Hong Kong were extremely harmful to Hong Kong society. I wrote several pieces on this topic a few years ago and my analysis has fully withstood the test of time.

There is one last and unrelated matter about which I need to comment before signing off for today. I proposed in last week’s column that Hon Karu Jayasuriya may be a suitable person as a for a one-term interim presidency. Of course, I have not discussed the matter with Karu or had his permission to make such a proposal; I admit this is a shortcoming on my part.

There has however been a flood emotional and angry, but not analytical or scholarly, voices raised in *Colombo Telegraph*, especially after Anura Kumara’s Indian visit, saying that he is going to score a sweeping victory at the forthcoming presidential elections and that the NPP will win a landslide victory at the parliamentary polls. All well and good but experience leads me to opine that this an optimistic a judgement.

It won’t happen so smoothly. The repeal of the Executive Presidency is not round a smooth corner via an Anura Kumara presidency, nor is NPP control of parliament assured. The Buddhist-Tamil dialogues that have commenced in the domestic arena and in Europe and the USA must be promoted. Interim stages are important and in this context a Karu Jayasuriya one-term presidency is an option to be considered. That’s all I wish to say on this matter for now. Let’s wait and see.