

## Review Article

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## Ten Reasons Why 2024 Marks an Inflexion Point Upending the Global Order

Andrew K P Leung

International and Independent China Strategist

**\*Corresponding author**

Andrew K P Leung, International and Independent China Strategist Andrew Leung International Consultants & Investments Limited, Hong Kong.

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### Introduction

After World War II, the world had enjoyed a period of relative prosperity and stability. America's global dominance, military, financial, economic, technological, and ideological, maintained an America-centric "liberal world order", supported by various US-led global institutions and the mighty dollar. Nevertheless, as pointed out by scholars, the order is "never wholly liberal, truly international, or entirely orderly" [1].

With China's dramatic rise as America's "near peer" rival, a challenged and anxious Biden administration had been doubling down on "universal values" of freedom and democracy, continuing to tout a "rule-based order", even as America often sticks to one rule for itself and imposes a different rule on others, often at the expense of other nations' sovereignty, strategic interests, or development, double standards regardless.

Against this backdrop, 2024 witnessed a confluence of game-changing regional and global dynamics, marking it out as an inflexion point poised to alter the postwar global order in more ways than one.

During 2024, a prolonged Ukraine war of attrition is beginning to tax the patience of increasingly war-wary electorates in Europe and the United States, signalling the war's unsustainability. This coincides with a realignment of Middle East geopolitics, what with the Beijing-brokered Saudi Arabia-Iran rapprochement, an ongoing Gaza humanitarian crisis of biblical proportions and a sudden collapse of the Assad regime in Syria. Meanwhile, a rising and more assertive Global South is rallying to join a vastly-expanded and more influential BRICS Plus grouping to advance their common development interests. In East Asia, a disillusioned and more aggressive North Korea has been developing long-range nuclear missile capabilities. In Taiwan, a new leader with known separatist leanings was elected, jarring on Beijing's nerves. None of the above can remotely compare with disruptions resulting from the iconoclastic "Make-America-Great-Again" Donald Trump's triumphant return to the White House. This is pitched against a more prepared China staying the course, unprecedented domestic and external headwinds regardless, making great strides in technology and innovation, including dominance in Electric Vehicles (EVs) and related global supply chains, besides advances

in epoch-defining technologies such as AI and quantum sciences. Meanwhile, as Trump 2.0 embarks on "drill, baby, drill" to exploit America's fossil wealth, Climate Change is getting up close and personal. The recent unprecedented Los Angeles fire havoc is a horrid clarion call. The upshot of all these disruptions has interacted with the rise of right-wing, nationalistic, xenophobic, and anti-globalization politics across Europe and elsewhere, resulting in a more fractious world order.

### Ukraine War

A proxy war of attrition continues to drag on in Ukraine. With revamped ammunition production, Russian soldiers are outgunning the Ukrainians 10 to 1 while NATO military supplies fell short [2,3]. Nor could America's long-neglected traditional ammunition systems fill the gap. With Ukraine rapidly running out of bodies, doubling down on financial aid to Ukraine is no substitute, nor is permission for Ukraine to use longer-range missiles (300 Km range) able to turn the tide.

As Putin re-adjusts military strategy to consolidate and advance gains in the Donbass region with critical Black Sea access, the stage is set for an inevitable settlement with a new Trump Presidency, perhaps much sooner than hubris or wishful thinking would allow. This could take the form of a negotiated Korean War-styled armistice, freezing the situation on the ground without formal sovereignty concessions, perhaps with some joint mechanisms to deter future Russian revanchism. That's probably what Trump meant when he boasted to end the war "in a day".

If a weakened yet nuclear-armed Russia survives the Ukraine war with territorial gains, however called in name, it is likely to remain an existential menace for the rest of Europe, particularly those in Russia's immediate neighbourhood.

This scenario is likely to exacerbate Europe's security anxiety in light of perceived unreliable American protection under Trump 2.0, not to mention Europe's faltering economy and fractious politics. This is leading to a more calibrated hedging relationship with China, mindful of its vast market potential, its special relationship with Russia, and its status as the single most influential nation on the planet after the United States.

## **Gaza, Syria, Turkey, Israel, and Iran**

Triggered by Hama's horrendous terrorist attack in Israel on 7 October 2023, Israel's massive unrelenting military reprisals targeting Hama's base in densely-populated Gaza have precipitated a humanitarian crisis of biblical proportions throughout 2024 and beyond. Numerous Palestinian civilian buildings including schools and hospitals were destroyed and thousands of innocent women and children lost their lives or limbs, left homeless or denied sufficient food and water. In Gaza alone, 1.9 million Palestinians were violently displaced due to Israeli offensives, out of a population of 2.2 million.

The wanton violation of international humanitarian law has caused a huge outcry in the global community, not least in the Islamic world. Support for the Palestinians' demand for independent statehood has grown significantly. As of June 2024, the State of Palestine is recognized as a sovereign state by 146 of the 193 member states of the United Nations, over 75% of all UN members, including Norway, Ireland and Spain.

With full support of the United States, where the Jewish lobby holds unrivalled political sway, Israeli Prime Minister Netanyahu presses on, vowing to eradicate Hamas to the last man.

Having decapitated top leaders of both Hamas and Hezbollah through targeted military strikes, Israel triumphed by sealing a ceasefire agreement with Lebanon and is doubling down on military operations in Gaza. He warns that the new hard-brokered cease-fire deal with Hamas including mutual release of hostages is but temporary.

Netanyahu also appears to harbor emboldened moves to eliminate Iran's nuclear threat once for all, perhaps by wooing Saudi Arabia on an expanded anti-Iran Abraham Accord by leveraging what he expected to be support from Trump 2.0.

However, according to Shalom Lipner, Non-resident Senior Fellow at the Scowcroft Middle East Security Initiative of the Atlantic Council's Middle East Programs, Netanyahu's ambition to remake the Middle East is unlikely to succeed, due to both Israeli politics and misreading Trump. The latter earlier demanded Netanyahu to end the Gaza War before Biden left the White House, in line with Trump 2.0's war-adverse foreign policy [4].

As for the wider Middle East, the historic Saudi Arabia-Iran rapprochement brokered by China showcased a deep-seated desire of these two historically rival states for a new era of peace and unity in the Middle East, translating into unanimous support for the Palestinians' long-thwarted demand for statehood, an existential redline for Israel and yet a likely anchor for peace.

Regardless of the Israel-Hamas ceasefire, Israel-Iran conflict is likely to intensify on Netanyahu's watch, with Iran, albeit weakened, likely to continue making greater use of other proxies, like the Houthis, leveraging the Red Sea choke point to threaten targeted international shipping.

Worsening humanitarian crisis over Gaza will continue to undermine Israel's (and by implication, the United States') international support. President Trump may well want to avoid war with Iran by forging another nuclear deal in place of the one he tore up in 2018 in the early days of his first Presidency.

Meanwhile, with the Assad regime gone, HTS, a UN-US-UK-EU-proscribed terrorist group of Al Qaeda origin has gained some sort of control over Syria, trying to form a civilian government. Turkey and Israel are taking advantage of the chaos to consolidate their respective interests in Syria, with Israel demolishing Assad's chemical and other military installations and occupying certain strategic localities in Syria during its political hiatus.

Assad's fall marks a strategic defeat for Iran's "axis of resistance", including Hezbollah in Lebanon, Hamas in Gaza and the Houthis in Yemen. It also represents a serious setback for Russia whose military bases in Syria allow it to project power across the Mediterranean and the Middle East and North Africa (MENA). The future of these bases is now uncertain [5].

All powers are carefully calibrating their approach to the dynamics of a new Syria. For China, Syria may welcome the extension of China's Belt and Road Initiative (BRI) to help its war-torn reconstruction. As a key BRI halfway house, Turkey is likely to lend its support. However, HTS has close ties with the Turkestan Islamic Party (TIP), whose support is well known for the East Turkestan Independence Movement (ETIM) threatening to destabilize China's vast Xinjiang Province. As in the case of a new Taliban-controlled Iraq, Beijing is likely to adopt an extremely careful approach, walking on thin ice gingerly [6].

## **Anti-hegemonic coalition of Russia, Iran and China, not forgetting North Korea**

Decades of bipartisan American hostility against Russia, Iran and China has unwittingly succeeded to push Russia, Iran and China much closer together without forming a solid bloc, united as much by common resistance against U.S. hegemony as by economic complementarity. Both Russia and Iran are rich in energy resources of which China is the world's largest and insatiable customer. Both are also key connectors for China's Belt and Road Initiative across Eurasia.

In his 1997 seminal book *The Grand Chessboard* the late Zbigniew Brzezinski, former doyen of American foreign policy, had this to say on America's global leadership [7].

"Potentially, the most dangerous scenario would be a grand coalition of China, Russia, and perhaps Iran, an "antihegemonic" coalition united not by ideology but by complementary grievances. It would be reminiscent in scale and scope of the challenge once posed by the Sino-Soviet bloc, though this time, China would likely be the leader and Russia the follower. Averting this contingency, however remote it may be, will require a display of U.S. geostrategic skill on the western, eastern, and southern perimeters of Eurasia simultaneously."

## **Obviously, Brzezinski's Foresight fell on Deaf Ears**

Adding to the potency of the Russia-Iran-China loose "coalition" is North Korea. Decades of the so-called "Six Party Talks" (United States, Japan, South Korea, North Korea, China, and Russia) on North Korea's denuclearization yielded very little, if anything, marked by persistent U.S. demand for North Korea to unilaterally dismantle its military nuclear structure before any easing of U.S. sanctions. Similar lack of sincerity was displayed after Trump's theatrics of setting foot within North Korea's border for a handshake meeting with North Korea's Supreme Leader Kim Jong Un in July 2019.

Now Kim has become totally disillusioned, convinced that his regime survival depends on North Korea's cast-iron nuclear missile capability, supported by mobile intercontinental delivery systems and quiet submarines. This is what North Korea is trying to make happen from 2024 onwards, Trump 2.0 regardless.

In addition to close relations with China and Iran, North Korea is now moving closer to Russia, if only to woo Russian technological expertise to upgrade its intercontinental missile delivery systems. To showcase solidarity with Russia, North Korea combatants are now fighting side by side with Russian soldiers in Ukraine battlefields.

On 30 October, days before the U.S. Presidential Election, North Korea test-fired an intercontinental ballistic missile, which flew for 86 minutes - the longest flight recorded yet - before falling into waters off its east coast. The launch was at a sharply raised angle and gave a flight time that could translate to a potential range of 15,000 km (9,300 miles) on a normal trajectory, capable of reaching anywhere in the mainland United States. There can be no clearer signal from Kim to the next White House occupant.

Absent immediate solid bankable benefits to North Korea, any redux of Trump theatrics seems unlikely to convince Kim to give up his nuclear insurance policy.

Instead of threatening "fire and fury", President Trump should perhaps reflect on how, after a failed disastrous Vietnam War, Communist Vietnam has now become something like an American ally against China. "It's the economy, stupid!", to borrow former President Clinton's much-quoted adage. Economic transformation of North Korea, fully integrated with the global trade and economic system, may well hold the key to long-term peace in the Korean Peninsula.

### **Trump**

The outcome of the 2024 Election is a triumphant Donald Trump returning to the White House as the most powerful U.S. President not seen in decades. He has gained control of the House, the Senate, and the Supreme Court with a majority of pro-Republican Supreme Court judges for life already installed during his first Presidency.

As revealed by a Trump-inspired albeit later disowned pre-Election "Project 2025" Trump seems determined to "cleanse" disloyal officials in the entire Federal bureaucracy [8]. With characteristic megalomania, he is likely to wield unchecked power to impose iconoclastic decisions on a host of issues both domestic and international, rattling adversaries and allies alike.

As Trump assumed the 47<sup>th</sup> American Presidency in January 2025, few would doubt his unilateral, massively disruptive MAGA (Make America Great Again) agenda with a transactional bent.

Initial Bluster regardless, he has repeatedly aired his territorial ambition of making Canada the 51<sup>st</sup> state of America, retaking the Panama Canal, and occupying Greenland, the Westphalian Principle of national sovereignty enshrined in the United Nations Charter be damned.

As forewarned before his Inaugural, Trump is imposing 25% tariffs on Mexico and Canada and surprisingly gentler 10% tariffs on China (similarly over issues of drugs and illegal immigrants). He has signed Executive Orders to withdraw from the World Health Organization (WHO) and the Paris Agreement on Climate Change [9].

Trump touts the universal virtue of tariffs, backed by America's unrivalled global power, thinking it could well substitute income tax [10].

However, China-made goods, components, parts, materials and related logistics have become globally ubiquitous. Even not "Made in China", goods everywhere have China's production process or logistics embedded. Seven of the world's top eleven container ports are located in China, including Hong Kong. In any case, higher tariffs will translate into higher American consumer prices. Coupled with unbridled "money-printing", America's "exorbitant privilege", and fiscal largesse, American inflation is likely to become entrenched. Regardless of tariffs, most jobs are realistically not coming back to the United States due to much higher production costs, not to mention hollowed-out production skills and processes after decades of de-industrialization in favour of capital markets.

As a result, and to make American products more competitive, the greenback may have to weaken, coupled with monetary largesse (or more money-printing) to pump-prime the economy. Added to worries about America's penchant for weaponizing the dollar and doubts about the greenback's long-term value, the pace of global de-dollarization is likely to quicken, taking the forms of non-dollar currency swaps, alternative payment systems, sovereign digital currencies, and more diversified national foreign currency portfolios, all chipping away the power of the dollar.

In response to an unprecedented personal invitation to attend President-Elect Donald Trump's inaugural, China's President Xi Jinping sent Vice President Han Zheng to represent him. It signifies Trump's willingness to do deals and a mindset separating enmity from personal relations, reminiscent of the famous quote "It's not personal; it's strictly business." in the Hollywood blockbuster *The Godfather*.

After enduring disruptive shenanigans of the first Trump administration, this time around, China has been much better prepared, having honed technological and innovative self-reliance and expanded economic and geopolitical connectivity with the Global South, mindful of unprecedented headwinds both domestic and international.

### **Rise of the Global South**

According to public data, BRICS (Brazil, Russia, India, China, South Africa) accounts for more than one-third of the Earth's dry land, 45 percent of the world's population (3.6 billion), 40 percent of all oil production, and about a quarter of the world's exports of goods.

During 2024, the BRICS Plus Group dramatically expanded. Following the 16th BRICS Meeting in Kazan, Russia in October 2024, at least 34 countries expressed an interest to join. Countries that are on the waitlist include Malaysia, Thailand, Nigeria, Bolivia and even Turkey, a NATO member. The expanded BRICS Plus is expected to account for 35.6 percent of the world's GDP, exceeding the Group of Seven (G7) in terms of purchasing power parity (PPP).

This happens at a time when China is playing an increasingly influential role in rallying a rising Global South of developing nations. They have become more able to defend their own national dignity and chosen development paths against American unilateralism. While most see huge upside in forging closer economic relations with a rising China, they remain committed



to good relations with the United States.

Speaking volumes was the Asia-Pacific Economic Cooperation (APEC) forum hosted by Peru in early November 2024, when President Xi Jinping opened a state-of-the-art new Chancay Port in Peru, linking Latin America, America's professed "backyard", direct to China's eastern seaboard. This contrasted with a lame-duck President Biden's "generously" donating 150 used passenger cars and locomotives to the Lima Metro system [11].

China's linkage with the Global South is by no means ideological. China has become the largest trading partner to 128 out of 190 countries, many in the Global South [12]. It remains central to their supply and value chain. Wary of the United States' increasing weaponization of the dollar, many of them do not see why they can't settle their bilateral trade with China using each other's currencies or alternate direct payment systems including digital currencies, cutting transaction costs and bypassing the dollar. This has been happening for quite some time. It is instructive that Brazil President Lula has urged the BRICS Group to create its alternative trade settlement methods, with the help of the New Development Bank (the "BRICS bank") [13]. While President-Elect Trump threatened to punish any country sidelining the dollar, this is likely to backfire as it fails to address the increasing unreasonableness and unattractiveness of routing every payment under the sun through the greenback. [14].

### **China's technological Great Leap Forward**

China has become a scientific superpower, proclaimed The Economist leader of 12 June 2024 with some overhype, considering the fact that China doesn't have many scientific Nobel Laureates to speak of. Perhaps the term "technological superpower" may be a little more accurate [15].

### **The Following Salient Points are Nevertheless Noteworthy**

From 2022, China had surpassed both America and the European Union (EU) in the number of high-impact peer-reviewed scientific papers, according to data from Clarivate, a science analytics company, topping citations in Material Science, Chemistry, Engineering, Computer Science, Environment and Ecology, Agricultural Science, Physics and Mathematics.

The US and EU still retain top slots in Molecular Biology, Space Science, Neuroscience, Clinical Medicine, and Immunology. However, the areas where America and Europe still hold the lead are unlikely to be safe for long. For example, China is growing impressively in Biological and Health Sciences.

China now contributes to around 40% of the world's research papers on AI, compared with around 10% for America and 15% for the EU and Britain combined. In areas like computer vision and robotics, China has a significant lead in research publications. There are now six Chinese universities or institutions in the world top ten, and seven according to the Nature Index. Tsinghua is considered the number one science and technology university in the world.

China excels in Applied Research, for example, in perovskite solar panels, producing more patents than any other country, helped by its unrivalled extensive industrial base.

China's scientific advance is demonstrated by its Chang'e-6 robotic spacecraft, which pioneered mankind's first mission to bring back samples from the hard-to-reach far side of the Moon.

When it comes to basic, curiosity-driven research (rather than applied), China is still playing catch-up the country publishes far fewer papers than America in the two most prestigious science journals, Nature and Science. America still spends around 50% more on basic research.

However, China is spearheading applied research and experimental development in quantum technologies, AI, semiconductors, neuroscience, genetics, biotechnology, regenerative medicine, and exploration of "frontier areas" like deep space, deep oceans and Earth's poles.

China's universities paid staff bonuses estimated at an average of \$44,000 each, and up to a whopping \$165,000 if they published in high-impact international journals. Between 2000 and 2019, more than 6 million Chinese students left the country to study abroad. Since the late 2000s, more scientists have been returning to the country than leaving, partly attracted by state-of-the-art equipped labs in China and partly pushed by increasing suspicion and discrimination in Western countries. China now employs more researchers than either America or the EU.

The Economist piece tallies with the following findings of the Australian Strategic Policy Institute (ASPI) [16].

China is leading in 37 of 44 critical technologies, often producing more than five times as much high-impact research as its closest competitor the United States. Among the categories of critical technologies, China dominates in all the subsectors in Artificial Materials and Manufacturing; Energy and Environment; and Sensing, Timing and Navigation with a substantial lead in all other categories.

These observations are supported by China's immense scientific manpower pool, according to George Town University's CSET (Center for Security and Emerging Technology [17]. By 2025 Chinese universities will be producing more than 77,000 STEM (Science, Technology, Engineering, Mathematics) PhDs per year compared to approximately 40,000 in the United States. Excluding international students, Chinese STEM PhD graduates would outnumber their U.S. counterparts more than three-to-one.

China's technological "Great Leap Forward" is perhaps not surprising. Witness China's new working space station, Tiangong, independently developed and operated from scratch after China (not Russia) was excluded right from the start (1998) of the existing America-led International Space Station (ISS).

In coming years and decades, as more Chinese scientists are up-coming either homegrown, driven in part by China's pivot to technological self-reliance, or returning from abroad, due to increasing misguided "China Threat", China's technological advancement is likely to continue apace, perhaps even more rapidly.

### **China leading the world's Green Revolution**

Climate Change is getting more up close and personal across the globe. The Los Angeles devastating fire is the latest clarion call.

According to a year-end review by Earth.Org, 2024 was 'virtually certain' to be the hottest year in history. All hurricanes in the Atlantic intensified during 2024. Over most of the global oceans, the first ten months of 2024 saw record-warm sea surface temperatures; Mount Fuji became snowless in October for the first time over 130 years following a hottest Japan summer on record. Driven by

rising ocean temperatures, global coral bleaching registered the largest on record. One in five migratory species is now threatened with extinction. And an October UN report revealed that global temperatures are set to increase by 2.6C to 3.1C by the end of the century, greatly exceeding the Paris Agreement's 1.5C target [18].

China is playing a crucial role in the world's green energy transition, leading the world in wind and solar, with twice as much capacity under construction as the rest of the world combined, according to a report dated 24 July 2024 in the *Global Energy Monitor* [19].

China has now become the "New Detroit" for EVs. Thanks to far superior quality-price ratios, its top EV brands including BYD and Geely are expanding market shares worldwide, especially in the developing world, due to very high tariffs in advanced countries. A Griffith University report dated April 2024 shows China has been dominating global trade in electric vehicles (EV), lithium ion batteries and solar photovoltaic (PV) as the world transitions away from fossil fuels [20].

However, as China's EV super-competitiveness is threatening the survival of other automobile industries across the globe, not least in high-cost advanced countries, massive tariff walls are being erected, denying consumers' availability of much more affordable green-energy vehicles, dampening prospects of lowering emissions. Meanwhile, Trump 2.0 extols "Drill, baby, drill!", in order to fully exploit America's rich shale energy resources.

At the 29th UN climate summit (COP29) held in Baku, Azerbaijan in November 2024, negotiators reached a contested agreement to provide at least \$300 billion annually in climate finance for developing countries by 2035, regarded by potential recipients as "insultingly low".

Under these circumstances, 2024 appeared to mark a sharp turning in a slippery slope towards global climate Armageddon.

### **China's ailing economy, reforms, and biased narratives**

There is little doubt that China's economy is under the weather these days. But not because of the supposedly "depressed" growth rate of 4 to 5%. If anything, that is a highly respectable growth rate for an economy the size of China's, the world's second largest.

By way of illustration, my favorite example is the rate of return (or growth) from an investment of ten dollars. 10% is not difficult to achieve. But few would argue a similar rate for a trillion-dollar portfolio! Another comparison is the United States. As the world's largest economy, anything over 4% growth is likely to be a cause for celebration.

Nevertheless, 4 to 5% is China's slowest pace since the first quarter of 2023 and much below the previous quarter's 5.3% expansion.

Consumption was the biggest damper as retail sales growth came in at an 18-month low even as deflationary pressures forced businesses to slash prices on everything from cars to food to clothes. Culprits are the negative wealth effect from falling property and stock prices, as well as low wage growth amid various industries' cost-cutting, dragging down consumption and causing a pivot from big-ticket purchases toward more mundane varieties. Growing trade tensions only serves to exacerbate the downturn.

Some experts are asking if China is repeating Japan's previous "lost decade" from 1991 to 2001 that saw a significant slowdown with

bursting asset bubbles in Japan's previously bustling economy. Some even predict a "peak China" scenario, whereby the nation is destined never to overtake the U.S economy, despite currently having four times America's population.

All this has prompted China watchers to trim their forecasts for China's economy.

### **What's gone wrong**

In 2007, former Premier Wen Jiabao famously put his finger on it by saying that the country's economic growth trajectory was "unstable, unbalanced, uncoordinated and unsustainable".

A lot of water has since passed under the bridge. China has built a far-more solid and stable foundation as the world's second largest economy at the very centre of a globally interconnected supply and value chain. China is driving the world's energy transition with a dominant position in solar panels, wind turbines and electric vehicles (EVs). At the same time, the country is transitioning towards a "free, unified national market" and "common prosperity" as highlighted in Beijing's recent Third Plenum.

On 26 December 2024, the World Bank raised China's gross domestic product growth to 4.9% for 2024, up from its June forecast of 4.8%. Growth for 2025 was expected to fall to 4.5%, but still higher than the World Bank's earlier forecast of 4.1% [21].

However, there is no doubt that powerful headwinds and dampers are at play.

The collapse of the massive property market, accounting for some 30% of the Chinese economy, has been pouring a lot of cold water on people's desire for consumption. Even though the government has stopped the situation from going over the precipice by punishing speculators and mopping up precarious excesses, the bubble of decades' property wealth has been punctured, resulting in continuously weak private consumption.

Related to the burst property bubble is local governments' indebtedness. For decades, they are expected to use resources under their disposal to finance massive local infrastructure, services and welfare. Many have resorted to milking the huge landbank under their control, along with local banks, financial institutions and well-connected private developers, feeding a spiral of speculative rising property prices during good times. Now the bubble has burst with Beijing cramping down on Ponzi schemes and punishing corrupt officials and unscrupulous speculators, stressing that housing is for people to live, not for speculation. Local government debt is now being brought under better control. But it takes time to unwind and for new policies and measures to resolve local government indebtedness once for all.

Another massive damper is persistent youth unemployment. China has been churning out some 11.6 million university graduates a year. Most of them can't find jobs matching their skills despite scaled-down expectations. This has spawned a popular youth culture of "lying flat", or passivity. Aware of the changed Zeitgeist, savvy fresh university students are scrambling to change their majors to computer sciences, with limited success as demand far outstrips availability.

Additionally, there is the huge challenge of rapidly worsening demographics resulting from the now-abandoned long-established One Child Policy. According to the European Council on Foreign Relations, China's population fell by two million in 2023, marking

the second straight year of decline. Statistics suggest that China's total fertility rate, which has steadily declined from 1.5 births per woman in the late 1990s to 1.15 in 2021, is now approaching 1.0 far below the replacement level of 2.1 that would maintain current population levels. As far fewer people enter into the workforce, overall productivity and economic dynamism suffer [22].

Furthermore, with rising life expectancy rates, the country's existing relatively generous retirement age, 60 for men and 55 for women, compounds the so-called "4-2-1" problem, whereby four retired grandparents turn to two working middle-aged married adults for support, who have to support themselves and the one child of their own. Needless to say, the resulting skyrocketing old age pension and healthcare costs are placing an unsustainable burden on the country's coffers.

What is more, the above challenges are accentuated by three global game-changers: the Fourth and Fifth Industrial Revolutions upending how businesses are conducted, and drastically reducing the need for human resources; inflationary headwinds and supply chain disruptions from a prolonged Ukraine war of attrition and conflicts in the Middle East; and intensifying US hostility towards China and Chinese businesses, including tariffs, sanctions and ever-expanding "de-risking" of global supply and value chains.

Desmond Lackman of the American Enterprise Institute thinks that like Japan, China is on the road to a "lost economic decade" in light of similar problems plaguing China's economy [23].

On the other hand, renowned economist Eswar Prasad, a professor in the Dyson School at Cornell University, and senior fellow at the Brookings Institution, thinks that China stumbles but is unlikely to fall [24].

Prasad opines that despite slowing growth and multiple risks, economic and financial collapse can be avoided. He points out that unlike many other countries, much of China's debt is state-owned and can be supported by the government if need be.

Prasad points out that many emerging market economies have run into distress from high levels of external debt, particularly foreign currency debt, that can cause balance sheet problems when a country's economy and exchange rate deteriorate simultaneously. But China's external debt is estimated to be a modest 16 percent of GDP, and less than half of it is denominated in foreign currencies.

He recognizes that China's growth model has been inefficient and financially risky. But the Chinese government has set itself concrete objectives of rebalancing the economy, including -

- Reducing reliance on investment-heavy growth and pivoting towards household consumption as the key contributor to GDP growth;
- Generating more growth from the services sector than from low-skill, low-wage manufacturing; and
- Shifting away from physical-capital-intensive growth in a manner that improves employment growth.

In short, while China struggles to cope, it's too early to predict an inevitable "lost decade", let alone irreversible decline.

Prasad's relative optimism can be supported by the following dynamics which set China apart from Japan's past painful experience.

China's global economic connectivity is without peers and precedent. The nation has become the very centre of a highly-

interconnected global supply and value chain, thanks to its highly competitive production processes in most domains, its vast economy of scale, its global linkages, and its lion's share of critical rare earths. This trade and manufacturing centrality is enhanced by borderless e-commerce, where China's giant multinational technological players like Alibaba and Tencent and "fast fashion" enterprise Shein are making their mark.

Many Chinese companies have long diversified their operations in lower-cost developing countries including Africa and Latin America. More recently, in face of American all-out anti-China "de-risking" manoeuvres, more and more Chinese enterprises are setting up foreign-registered manufacturing operations abroad. For example, Geely, one of China's largest car manufacturers, has set up a wholly-owned subsidiary London Electric Vehicle Company in Britain's Coventry, producing a highly-popular model LEVC for traditional London cabs, as I saw daily during my recent summer sojourn in London.

In short, since opening up in 1978, China has progressed from "Made In China" ("Original Equipment Manufacturer" (OEM) for foreign enterprises), to "Created in China" (as with the nation's new breed of globally-competitive innovators such as Alibaba and Tencent), and now, to expansion of "Owned by China".

Complementing China's global connectivity is its nationwide connectivity. China's first to third-tier cities have formed vibrant economically-linked "city clusters" on its coastal seaboard and inland regions. These are connected by the world's peerless national high speed rail network, measuring some 50,000 km by 2025, well above the total length (11,945 km) of high-speed rail networks in the rest of the world combined.

As a result, China's urbanization rate is expected to increase from 60.6% in 2019 to 65% by 2035. Not only would this help to boost China's total factor productivity, it would also serve to rebalance the economy more towards domestic consumption, away from excessive reliance on fixed asset investment and manufactured exports, a favourite criticism of Western economists.

Contrary to common doubts about the market's relative weight in China's mixed state-capitalism model, the private sector already contributes 50% of tax revenue, 60% of GDP, 70% of innovative capacity, 80% of urban employment and 90% of new jobs. (the so-called "Private Sector 56789"). The role of the market has been given even more leeway in Beijing's recent Third Plenum.

The market is crucial in growing the share of domestic consumption, driven by China's already sizable middle-class. Based on Pew's income band classification, China's middle class has been among the fastest growing in the world, swelling from 39.1 million people (3.1 percent of the population) in 2000 to roughly 707 million (50.8 percent of the population) in 2018.

According to a report in the China Daily of 5 December 2023, the long delayed hukou (household registration) system is being further revamped [25]. This would potentially turn some 200 million urban migrants into budding lower-middle class citizens, if they are provided with subsidized housing, utilizing the nation's numerous newly-completed empty apartments that famously make up China's "ghost towns".

China's services sector accounted for 54.5% of China's GDP by 2020, up from 44.2% a decade earlier, eclipsing the share of industry. This sector's dynamism is closely related to the size of



the middle-class cohort. The future combined total of some 900 million middle-class cohort of service providers and consumers would be well placed to re-vitalize China's economy, by transiting from per capita GDP of \$12,700 (end 2023) to \$30,000 to \$40,000 by 2035.

As explained above, China has been leapfrogging technological barriers successfully. Despite U.S. imposed technological stranglehold, China is making steady progress in narrowing the gap in extremely high-end nano-semiconductor chip technology, according to a report dated 28 June 2024 in the Philadelphia-based Foreign Policy Research Institute[26]. China thus seems well positioned to play a prominent role in the digital and technological Fourth and Fifth Industrial Revolutions, which are redefining how people live, how businesses are conducted, and how national powers are measured in the 21<sup>st</sup> century.

Much great play has been made of China's dire demographics, with scant regard to China's almost ubiquitous automation and robotics in factories, and even in hotels, supermarkets and restaurants. The new digital age is fast reducing the need for manpower resources. In any case, thanks to rising life expectancies and improved healthcare, many of China's retirees, men and women included, remain able-bodied and continue to be economically active. What is more, China's "silver economy" is emerging, catering to elderly lifestyle, health, products and services [27].

On 13 September 2024, China's National People's Congress approved a long-awaited plan to gradually raise the retirement age by five years over the next decade and a half [28]. The retirement age for men will rise to 63 from the current age of 60. For women, it will increase from 50 to 55 for blue-collar workers, and from 55 to 58 for white-collar workers. At a stroke, this policy change will at least somewhat stabilize the demographic challenge, injecting some dynamism to the weakening economy.

China is playing a leading role in the Global South, whose contribution to global GDP rapidly expanded from 19% in 1990 to 42% in 2022, according to a report of Roland Bergers, a global business consultancy [29].

Cognisant of blowbacks, China's massive global Belt and Road Initiative, which has provided Africa with much-needed infrastructural capacity including transport links, energy plants, utilities, education, hospitals and technical skills, is now being streamlined to deliver smaller and greener projects, more mindful of debt sustainability, corporate governance, transparency and partnership with local and international stakeholders.

The recent Forum on China-Africa Cooperation (FOCAC) in Beijing, held in 4-6 September 2024, was attended by leaders from 53 African nations and the African Union with thousands of other top delegates, culminating in a 10-point action plan for an "All-weather China-Africa Community with a Shared Future."

Finally, even before Trump 2.0's "might-is-right" America-First policies, the West's divisive narrative of "Democracy versus Autocracy" appears biased and self-serving. FOCAC 2024 shows that regardless of ideology, the world can work together to improve people's livelihood and modernity, and to address global challenges including Climate Change, pandemics and regional security, as expounded in Beijing's Global Development Initiative, Global Security Initiative and Global Civilization Initiative.

Recent studies by the Harvard Kennedy School Ash Center, the New-York-based Edelman Trust Barometer and the Paris-based IPSOS Center all show that despite much to be desired, China is amongst the top ranks of governments best trusted and supported by their peoples, multiple rankings above many Western democracies including the United States [30-32].

These studies show that however important, elections are but a process. Regardless of ideology, the ultimate test of political legitimacy is to what extent a nation succeeds in earning its people's trust by bringing about vast improvements in their lives.

Beijing has been consistent in stressing that what works in China doesn't mean it should or can be replicated elsewhere in the world. Nevertheless, the West's "one-size-fits-all" ideology narrative is increasingly being called into question.

To conclude, is China's economy somewhat wobbly? Perhaps. Many other countries, advanced economies included, are facing similar headwinds. Is China entering into a Japan-styled Lost Decade? Hardly. Has China peaked? No.

On 26 December 2024, the World Bank raised China's gross domestic product growth to 4.9% for the year, up from its June forecast of 4.8%. Growth for 2025 is expected to fall to 4.5%, still higher than its earlier forecast of 4.1% [33].

The winds and undercurrents are changing. China is quietly and steadily preparing itself for the tide to turn.

### **AI and Fourth and Fifth Industrial Revolutions**

2024 saw rapid development of AI technologies and widening applications of the digitized Fourth and Fifth Industrial Revolutions, ranging from mobile across-border commerce, everyday robots to military drones of high sophistication and scale. ChatGPT, which can generate human-like conversational responses and enable users to refine and steer a conversation towards a desired length, format, style, level of detail, and language, remains full of unbound possibilities, for better or worse. The jury is still out whether AI will soon exceed human intelligence and if so, whether we are facing a dystopian world of frightening possibilities.

### **Rise of right-wing politics across the globe**

The period of relative peace, stability and prosperity after the Second World War, defined by an America-centric "liberal world order" has given way to rival dynamics, cultures, mores and ideologies. The lot of the less privileged has become much worse following decades of hyper-globalization, feeding growing hostility against foreigners. The speed of change has accelerated with a digitized and borderless Age. At the same time, wealth has become even more concentrated in the rarified global superrich. These shocks have bred an authoritarian drift in politics that a strong nationalistic leader who does not have to worry too much about parliament and elections is a good way to safeguard the people's interest.

As pointed out by Lorenzo Robustelli in EUnews on 6 November, 2024, the whole world is now in the hands of "strong men" including the US, China, Russia, India, Turkey, Egypt, Iran, Saudi Arabia, North Korea, Tunisia, Israel etc., though most of them are by no means xenophobic or anti-globalist [34].

As outlined by Jesus Casquete on 20 June 2024 in the Asian Times, the far right topped the polls in France, Italy, Austria and Hungary,

and second in Germany, Poland and the Netherlands [35]. Ultra-nationalist parties are gaining traction in the European Strasbourg parliament such as the French National Rally, Alternative for Germany (AfD) and the Spanish Vox. These parties are calling for the return of sovereignty to individual states, regarding globalization with suspicion, with existential consequences for the European Union and, potentially, for humanity, given the urgent need for global unity to slow and reverse climate change.

## Conclusion

The so-called “liberal world order” centred on the United States since the end of the Second World War has been gradually shifting over the past few decades with the rise of China and other rival forces in the Global South. However, as outlined above, ten game changing dynamics seem to have coalesced in 2024 marking it out as a milestone year upending the existing “global order”, for better or worse.

Yet, as expounded in this essay, these game-changers contain kernels of hope which may point to more productive ways of navigating the future towards a less destructive and more sustainable world for our diverse humanity.

In any case, as a result of the dynamics outlined above, the following developments are likely to ensue in coming decades.

First, with American hegemony increasingly being contested, the world will become more multipolar. While the United States and China will remain dominant, each pulling in their respective allies or semi-allies in their orbits, other rising challengers like India and Turkey are likely to pull their own weight.

Second, economic gravity is moving more decisively from the West to the East, with Asia and the Middle East becoming even more dynamic in light of their respective visionary development strategies.

Third, despite “small yards and high fences”, the world would become even more interconnected and interdependent, as a borderless digital age of the Fourth and Fifth Industrial Revolutions surges ahead, changing how businesses are conducted and how people live their daily lives.

Fourth, with artificial intelligence, autonomous robotics, space, deep-sea and other frontier technologies, how wars are fought and won will challenge the imagination of militaries across the globe with uncertain and dangerous consequences.

Fifth, the Age of Oil as a primary source of energy will truly come to an end with renewables and smart grids reaching massive economies of scale across the globe. A new generation of more “intelligent” Electric Vehicles will emerge, displacing diesel-engine cars almost entirely, reducing them to rarities or collectables.

Sixth, notwithstanding progress in de-carbonization, Climate Change will get much worse with natural disasters, diminished biodiversity, and above all, water scarcities in more places, leading to humanitarian incidences and cross-border conflicts.

Seventh, with old scores settled or subsiding between Sunnis and Shiites, the Arab Peninsular will unveil a new golden age of prosperity with futuristic cities and lifestyles and a more inclusive culture and role for women.

Eighth, with prolonged money-printing as economic steroids, not least in the United States, another likely dollar-induced global financial crisis would play havoc with the world economy.

Ninth, across the Taiwan Strait, years of fraught tensions including military escalations are likely to be modified by redoubled people-to-people exchanges and vastly expanded economic integration. Taiwan may eventually return peacefully to the China motherland on the strength of a hard-negotiated special deal much more generous than for Hong Kong and Macao. The outcome, if it comes to pass, will greatly enhance China’s strategic gravitas in the Asia-Pacific and globally.

Tenth, with a multipolar world, demand for reform of global institutions including the International Monetary Fund (IMF), the World Bank, and the United Nations Security Council may gather momentum, to the benefit of world peace and stability. Some ideas of reforming the entrenched power structure of the UN Security Council were proposed in my research paper published by the Rome-based World Geostrategic Insights on 1 December 2023[36].

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