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## THE WORLD IS RAPIDLY SHIFTING FROM PAX-AMERICANA TO PAX-CHINA DURING THE COVID-19 ERA: A CRITICAL ANALYSIS

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### **Abstract:**

The idea of Pax-China is not older than a few years ago. It caught the attention of scholars, global and socio-economic think tanks after china's giant project "OBOR Initiative". But China had been ready to become a global player almost four decades before when it decided to rejoin the global economy through adopting a peaceful development strategy. For a long time, global think tanks had of their opinion that, though China is growing as a global power it could not supersede American hegemony in any way. America, in the Trump regime, sensed the real threat from China and waged a trade war against China. However, the out broke of COVID-19 and the way China and America dealt with the challenges of that pandemic abruptly shook the American hegemony. This paper, through a historical approach, will analyze the rise and fall of Pax-Americana and it will also precipitate that how the period of the pandemic has accelerated the process of Pax-China?

### **Introduction**

Heraclitus once said that,

“The only thing that is constant is change”.

Throughout history, the world had witnessed different political orders. However, if we look at history from the 19th century, that century was characterized by Pax-Britannica. It is also called the 'British Century' because, in the late 19th century, Britain was at the apex of its political and economic development. Britain was engaged in making more and more colonies. After WWII, rapid changes had occurred at the global level which changed the old-world order with a new one. Globalization and global governance ushered in the form of a new system. A number of new states emerged from the downfall of colonialism and the world's power structure changed from colonialism (centralization) to decentralization and democratization. The world witnessed a great shift from Pax-Britannica to Pax-Americana. The period of Pax-Americana got stronger and reached its peak after the collapse of the Soviet Union. It was considered at that time that it is the end of history, the American style of democracy and economy will lead the world forever and American supremacy cannot be challenged anymore. But the dawn of the 21st century brought a new wave of change in the global power structure. China has emerged as a serious competitor of American supremacy, even the idea of Pax-China has been floated in scholarly debates. This paper is comprised of three sections: the first section throws light on the historical evolution of the rise and fall of Pax-Americana; the second section describes the emergence of Pax-China and; third section will analyze that how the outbreak of Covid-19 has accelerated the process of Pax-China? The study will adopt historical and analytical approach to discuss these phenomena.

### **Historical Evolution of Pax-Americana**

The journey of the British hegemony ended with the Treaty of Vienna (1815) when Britain and its allies defeated French forces after twenty years of global warfare. Britain, at that time, had got technological mastery on the naval forces/power, while France was proficient in the use of gunpowder as its major weaponry. Under the Pax-Britannica, the world followed Britain's political and socio-economic trends and guaranteed the governance of Britain's market trends and laissez-faire system over global economic affairs. To maintain its supremacy, Britain adopted the policy of 'colonialism'. Soon after some time, other European powers followed Britain and the race of colonialism started between European countries. In 1879 France and Germany had also been joined this race for more colonies. Many historians are agreed that after 1880, large territorial parts of Asia, the Pacific, Africa, and Latin America were under British imperial rule. "After 1880, Europeans colonized almost 67% of the world's territories. By 1914, the figure raised to 84.4%"<sup>1</sup>. This colonial

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<sup>1</sup> Batool, Dr. Sarfraz, (2018). Regional Integration and Liberal Economic Order in SAARC: A Case Study of Trade Relations between Pakistan and India under SAFTA Regime (1997-2015), Punjab University, Lahore.

race is considered one of the major causes of WWI. Although America was not fighting for making colonies in the world but later proved a dark horse of the race.

The emergence of Pax-Americana gave birth in the ashes of WWI because the terrible devastations of WWI had been severely destroyed the Pax-Britannica regime. The destruction of the old-world order ultimately became an opportunity for the USA, who was following the protectionist policies during the Pax-Britannica era. The increased engagements of Britain in war activities compelled it to neglect many of its economic activities overseas; it also had an effect on the domestic economy of Britain, further during the war, a great increase in the debt rate of Britain had been witnessed. America was a debtor to Britain at the initiation of WWI but by the end of the war, Britain was the debtor to American private banks and the American government. The status of a great empire was lessening and within four years, the economy and military might of Britain fell down to the extent that it had needed time to rebuilt its economy and military<sup>2</sup>.

In the treaty of Versailles (1919), developed a consensus among the major powers to adopt the concept of collective security to avoid the warlike situation again. This concept was embodied in the charter of the League of Nations but the USA refused to join that or any other international organization. It was considered a failure to British diplomacy and shook the British hegemonic position in the global political economy. Meanwhile, European powers once again entangled with each other in the surge of new markets. Moreover, America raised the tariff level which was reduced during WWI. After WWI, America again adopted the policy of isolation to protect its domestic industry and producer. Eventually, this situation led the world towards WWII.

Many academicians have their opinion that whenever the hegemonic shift take place there are some parameters on which we can analyze this transition as Khaqan Ahmad describes the Thucydides' theory of 'Hegemonic war' in these words, "Historically, the direction of the relationship between a rising power and hegemonic power is always determined by military might, wealth, quality of leadership, and technology"<sup>3</sup> The transition period of Pax-Britannica to Pax-Americana was also characterized by all of these four conditions. The military might, wealth (due to expanding economy of Britain), the advancement of technology, and the quality of leadership all were the areas in which Great Britain was

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<sup>2</sup> Gilpin, Robert, (1988). The Theory of Hegemonic War, the Journal of Interdisciplinary History, Spring, Vol.18, No.4, (p.591-613).

<sup>3</sup> Ahmad, Khaqan, (2008, Aug 01). Pax-Americana Vs. Pax-Sinica and the Struggle for New World Order, Centre for Strategic and Contemporary Research, <https://cscr.pk/explore/themes/politics-governance/pax-americana-vs-pax-sinica> (accessed on:25 July, 2020).

leading the world during its peak period but during the period of hegemonic shift, America emerged as a serious competitor to Britain in all the areas mentioned before.

Britain was using its greatest might aggressively to prove its hegemonic status over the rising powers (including America) but America (through adopting the protectionist policy with regard to international trade) religiously focused on its economic development at that time. Britain Germany and France were struggling to capture more colonies while America avoided the war activities. When Europe was spending its major shares and expertise on war activities, most of the socio-economic manufacturing and development sectors were neglected. On the other side, American investors and exporters took advantage of this opportunity and reached every market by breaking their traditional isolationist status. America's influence in the business sector was rising continuously. On the eve of WWI, American banks and government indebted the war engaged countries to deal with the issues of shortage of food and weaponry. Soon America became the biggest lender in the world. In the same period, America rapidly expanded its business and found overseas markets until 1920<sup>4</sup>. In this way, America's position got strength in the global market. After the end of WWI, America strategically retreated to its traditional inward orientation to secure its position. While Europe as a leader needed psychologically strong diplomacy to cure the wounds of war but it was deficient. The military might and economic influence of Britain reduced, leadership was planning to rebuild their hegemonic status, but the technological advancements in every field got ignored. All these elements combined and shaken British primacy but the process of downfall continued till WWII.

According to the Hegemonic theory of Thucydides, in the competition between the rising powers and hegemonic power, a capable state must have to prove its might to the world. The history of the post WWI era not only describes the weaknesses of Britain but also analyzes the developmental advancements of America. It was an admitted fact that America among the rising powers of that time, was able to replace the British hegemonic status. In 1944, the establishment of the Bretton Wood System was mainly to govern the monetary relations of the independent states. Under this system, the World Bank and International Monetary Fund (IMF) were established that helped to promote economic growth and globalization. These institutions were responsible for the major changes in the economic power structure. The ex-colonies of Europe were included in the third world countries and pressured by the IMF and World Bank to shift their economic policy from

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<sup>4</sup> Batool, Dr. Sarfraz, (2018). Regional Integration and Liberal Economic Order in SAARC: A Case Study of Trade Relations between Pakistan and India under SAFTA Regime (1997-2015), Punjab University, Lahore.

self-sufficiency to export production<sup>5</sup>. In this way, America became the center of economic activities on the world forum. The actual turning point occurred in 1945 when America proved its military strength by the bomb blast in Hiroshima and Nagasaki to end the Pacific War. According to Hymans (an associate professor in IR at University of California), America signed Quebec Agreement with Britain in 19 August 1943 and assured that without prior consent of Britain it will not use Atom Bomb during war period. He further said “on 4 July 1945, in response to American queries, the British formally delivered their consent to use the bomb against Japan. Finally, at the Potsdam Conference held on later that month, Winston Churchill personally confirmed this position to US President Harry Truman”<sup>6</sup>. So, it is clear that till WWII, the USA was still bounded to get the consent of the United Kingdom to use the atom bomb to make Japan surrender in WWII. Finally, Japan surrendered and WWII ended eventually. WWII severely shook the British hegemony and it proved the end of the era of Pax-Britannica. Britain was no more able to manage and hold its colonial empire; consequently, it started to wrap its colonial engagements. Hence, the process of decolonization started and the end of ‘Colonialism’ granted independence to many nation-states from British dominance. The mantle of leadership shifted from Britain to America in the post-WWII scenario and that shift in the power structure in the emergence of Pax-Americana.

America had proved its upper hand over the world because of its nuclear power and technology. It also established its global influence in economic, political, socio-cultural, and technological fields. The unprecedented growth of the US economy ushered in a new phase of development because of its increased involvement in the international community. However, the USA still had a hindrance in its way to becoming the world’s sole hegemon in the presence of the Communist USSR. USSR was (politically and militarily) a major challenge for the USA. In terms of the economic trends, the world was divided into two blocks of Capitalism (led by the USA and its western European Allies) and Communism (led by USSR and its Eastern European Allies). So, the international order of the post-WWII era had been based on bipolarity (USA-USSR) and the mutual rivalry of the USA and USSR. This era is also known as the cold war era because both of the nuclear powers had been used their energies to manufacture and then to proliferate the armaments but the mutual threat of annihilation subdue the possibility of direct aggressive warfare. So, both blocks of power maintained peace by engaging themselves in the agreements of disarmaments to contain nuclear proliferation. This period is known as the period of

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<sup>5</sup> Batool, Dr. Sarfraz, (2018). “Regional Integration and Liberal Economic Order in SAARC: A Case Study of Trade Relations between Pakistan and India under SAFTA Regime (1997-2015)”, Punjab University, Lahore.

<sup>6</sup> Hymans, Jacques E. C., (2009). “Britain and Hiroshima”, *The Journal of Strategic Studies*, 32:5, (769-797).

Detente in which both of the powers had avoided the instigators of the war. Robert Gilpin explained the expected consequences of the nuclear war and wrote,

“The results of the Peloponnesian war, which devastated classical Greece, were not anticipated by the great powers of the day. Nor were the effects of WWI, which ended the primacy of Europe over other civilizations, anticipated by the European statesmen. In both cases, the war was triggered by the belief of each protagonist that it had no alternative but to fight while the advantage was still on its side. In neither case did the protagonists fight the war that they had wanted or expected. The advent of nuclear weapons has not altered this fundamental condition but human nature has changed”<sup>7</sup>.

He was afraid that lest the nuclear power show should damage the lives of innocent people who never wished or decided to wage nuclear war.

### **Apex of Pax-Americana**

Many rapid changes in the international arena occurred in the era of post-WWII and the USA proved its military and economic ascendancy over the world. Although the world was divided into two opposite ideologies throughout the period of the cold war American hegemony was clearly anticipated by the economic experts. USA adopted more co-operative and collaborated policies, while the policies of the USSR were mainly centripetal. So, the liberal international order (created by America) was dominated in the cold-war era. The concept of democratization, decentralization, privatization, and liberal trade got more prominence in the world. The changes introduced by America adopted and followed by more states and America acted more diplomatically at the international forum. The Marshall Plan 1948 [(the USA transferred over \$12 billion to reconstruct the war-torn countries and especially to Europe, so, it is also called European Recovery Program (ERP)] is one of the best examples of American diplomacy<sup>8</sup>. The Organization of European Economic Co-operation (OEEC) was also established mainly to liberalize trade with European countries and to contain the expected influence of Communism in war-weakened Europe.<sup>9</sup> Hence, the process of trade liberalization had been continued and many

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<sup>7</sup> Gilpin, Robert, (1988). “The Theory of Hegemonic War”, *The Journal of Interdisciplinary History*, (591-613).

<sup>8</sup> History, (2009, 16 Dec). “Marshall Plan”, <https://www.history.com/topics/world-war-ii/marshall-plan-1>, (accessed on: 2020, 25 Sep).

• <sup>9</sup> van Meerhaeghe M.A.G. (1980). “The Organization for Economic Cooperation and Development”. In: *A Handbook of International Economic Institutions*. Springer, Dordrecht. [https://doi.org/10.1007/978-94-009-8860-6\\_7](https://doi.org/10.1007/978-94-009-8860-6_7). (accessed on: 2020, 25 Sep).

organizations established and replaced certain organizations to further expand the trade activities.

GATT was an ad-hoc organization was replaced by the World Trade Organization (WTO) which was a permanent institution to deal with trade-related matters exclusively. WTO provided legal protection to General Agreement on Tariff and Trade (GATT), General Agreement on Trade in Services (GATS), and Trade-Related Intellectual Property Rights (TRIPs). The implementation of those Agreements facilitated the establishment of a multilateral trading system and helped out America to promote possible free trade. WTO handled the trade disputes among its members effectively. On the other side, its agreements were mainly aimed to promote peace and stability for the effective management of the economy. WTO best served America to contain Communism through a multilateral trading system (in other words free trade system). It actually supported the American model of business in the world and benefitted American business interests. Throughout that period, America remained somewhat aggressive to get energy resources from the world and cooperative to increase its export in new markets. Coercive engagements of America in different parts of the world damaged its hegemonic position. Fareed Zakariya mentioned that

“Foreign Policy failures in Vietnam and Iran had eroded America’s self-confidence and its image in the world at large. The economy was widely considered dysfunctional, plagued by a fiscal deficit of nearly US\$300 billion, the declining competitiveness of its exports against cheaper, high quality goods from Japan, and seemingly better organized corporate sector in Europe”<sup>10</sup>.

During the 1980s, Japan and Germany followed a more suitable and newer version of capitalism that ensured growth in long-terms and also equipped with checks and balances system to avoid the situation like the financial crisis of 1987 (crash of stock market) in the USA. The world was thinking about the multipolar world (USSR was losing its strength day by day). It was crucial that which country would prove itself absolute power. At that time the USA proved its absolute strength (a combination of economic, cultural, military, and ideological strengths) to the world. So, the disintegration of the USSR and the collapse of communism understood by the scholars as a victory of the American style of the political and economic system and, the world converted into the unipolar world order. The Post USSR's period is considered the second phase of American hegemony and Pax- Americana had reached its apex. The terrible history of the twentieth century concluded for all but it ushered a new phase of American hegemony. America continuously used coercive foreign

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<sup>10</sup> Zakariya, Fareed, (1999). The Challenges of American Hegemony: Then and Now, *International Journal*, Winter 1998/1999, Vol.54, No.1, (pages: 9-27).

policy towards oil-rich third world countries (especially Middle East countries) to serve the interests of its influential business community.

America started its journey in the 1990s as the sole superpower of the world with its already existing aggressive foreign policy, while it became fiercer than before. Naseer Aruri who is an American scholar-activist and expert on Middle East Politics, writes about the American foreign policy amid and after the cold war in these words,

“Free Trade and free flow of oil from the Middle East were expressions which provided a rationale for post-1945 penetration. They are still providing a similar rationale for post-cold war and post-gulf war penetration. It is a change in vocabulary but not in the substance. The difference is that the post-cold war hegemony is fiercer and potentially more ruinous, yet seemingly gentle because it is couched in benevolent terms. It is also more damaging due to the absence of a counter-balance. The Soviet Union had been dissolved and the third world is immersed in debt and lies conquered for the time being”<sup>11</sup>.

So, America started the new century as the great victorious. America started the new century as an aggressive champion of time. But still, America had reservations regarding other emerging powers of the world that could have potentially competed with America to turn the tables. Initially, American elites were the main players at the international level but, later, that aggressiveness of America had been resisted by the third world countries. Further, the resistance after the 9/11 event and the initiation of the long-term global war on terrorism started to pose a serious threat to the absolute power/strength of America. This war on terrorism initiated the weakening of the absolute strength of America in all respects.

However, the experts of International Studies are agreed that the unipolar world order was in crisis since its initiation and needed effective reforms. The concept of global governance and globalization gradually brought many challenges for American status as a superpower. American policies, in the coming decades regarding global governance, itself ushered many uncertainties in the world. At the international level, the gap between poor and rich was widening which represented economic instability, increasing debt and mismanagement. At the forum of CGTN, an international media organization, Bradley Blankenship, an American journalist writes that “America’s huge UN debt shows it has no right to lead the world”.<sup>12</sup>

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<sup>11</sup> Aruri, Naseer, (2019). Op.cit.

<sup>12</sup> Blankenship, B. (2020. Oct 24). “America’s huge UN debt shows it has no right to lead the world”, <https://news.cgtn.com/news/2020-10-24/America-s-huge-UN-debt-shows-it-has-no-right-to-lead-the-world-UR0cSOFKxO/index.html>. (accessed on: 2020, Oct 24).



Leo Abruzzese, a senior director of public policy in Economic Intelligent Unit of America remarked that, “President Donald Trump’s tax cuts have boosted growth at home, but at a cost: the country’s budget deficit will approach 6% of GDP in 2019”<sup>13</sup>. Like Britain (during the Pax-Britannica Era), America’s extra military engagements, weakening of economy and rise of debts, upcoming war policies, and threatening behavior became the main causes of its gradual decline. The event of 9/11 disclosed the actual weaknesses of the American military might. The world had no more fear of the Missile shield technology of America. In 2013, American President Barak Obama decided to back out from the Middle East and surrendered American hegemony in that region. Actually, America is pursuing the policy of threat and development in the world for a long time but, in the present scenario, this policy is facing strong resentment all over the world. In recent years, Donald Trump’s “America First” policy is also exacerbating the damage of the superpower status of America. So, we can say that in the new century, the initiation of unipolar world order actually articulated the weaknesses of American hegemony. Many academicians have foreseen that rules-based international order is under threat and a great change on the world stage would occur in the coming decades.

### **Rise of Pax-China**

The Idea of Pax-China is not old than a few years ago and global think tanks link it with China's Belt and Road initiative but, historically, China was moving forward on the way to being world hegemon for almost four decades ago. According to the keen observation of economic experts, unlike America, China adopted the policy of ‘be capable and then expand’ for its worldwide peaceful development.

China started its journey towards making itself a world hegemon, initiated soon after its independence. It continuously worked on the preparations to reap the fruits of its efforts. When America was using the ‘threat and development’ pattern to collaborate with the other states, then China was busy with infrastructure development at home to increase its economic and defense power. So, China adopted 'Autarky' and kept itself isolated from the global economy.

Initially, China observed the Autarky under the tutelage of the communist approach from 1949 to 1974. Later China decided to open up its socio-economic system. Deng Xiaoping is considered the ‘Architect of Modern China’. He introduced many reforms to transit the planned economy into the market economy, from a dual economy to neoclassical growth. Initially, China had to work on infrastructure development and up till the 1980s, China's economy stood lowest at the international forum. But as soon as the phase of infrastructure

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<sup>13</sup> Abruzzese, Leo, (2019). Economic Trouble Ahead, The Economist, page:18.

development completed, China moves forward towards development, and a rapid increase in the growth rate of the Chinese economy was observed. Since 1989, China has grown enormously in wealth and influence, but hegemony making started a long time before this when the Pax-Americana was at its apex. Many experts and academicians agreed that the process of growth started in China almost four decades ago and within this short time span, it posed great competition to the developed economies. He Yafei who is the former Deputy Foreign Minister of China writes that,

“In the late 1970s, Mr. Deng Xiaoping took an unprecedented, innovative and revolutionary step to move China onto the path of modernization by embracing globalization and global governance with a firm Chinese footprint. The past four decades have proven that China has made the right choice, not only in the interest of China but also of the world as a whole”<sup>14</sup>.

The rules under Autarky and commune system were mainly closed and planned but for the recognition at the world forum, it was necessary to compete with the international market trends. China decided to open up its economy within the existing patterns of self-sufficiency and became the only state in the world that worked within the model of the dual economy. “Reforms of incentive mechanisms, enterprise governance, price determination, resource allocation systems, foreign trade, and investment, and the macro-policy environment have contributed differently at each stage of development”<sup>15</sup>. In 1978, a regime change in China introduced reforms for the opening up of the economy and to adopt an export-oriented approach for development. In 1979, China established Export Processing Zones (EPZs) which later known as Special Economic Zones (SEZs). China extended to its fourteen large cities to coastal areas to establish SEZs. In 1986, China became a contracting party to the General Agreement on Tariff and Trade (GATT). In 1988, Hainan (the largest and most populace province of South China Sea under PRC administration) also got the status of SEZ. In the last two decades of the twentieth century, China (representing third world countries of the Asian continent) emerged as a rapidly growing economy and placed itself in the top 15 exporters of the world.

According to the ‘RankingRoyals’<sup>16</sup> (an online website which provide greatest and largest global content regarding business and economy), in 1995, China placed at the thirteenth

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<sup>14</sup> Yafei, He, (2017). China’s New Role in Good Governance: Shaping the Emerging World Order, *China Quarterly of International Strategic Studies*, (341-355).

<sup>15</sup> Cai Fang, Ross Garnaut & Li gang Song, (2018). 40 years of China’s reform and Development: How Reform Captured China’s demographic dividened, (book name: China’s 40 years of Reform and Development: (1978-2018), Anu Press, The Australian National University, Australia, (pages: 5-25)

<sup>16</sup> Rankingroyals, (2019). The World’s largest Exporters 1970-2024, <https://web.facebook.com/watch/?v=771115943621873>. (accessed on: 2020, July 25).

position among the world's largest exporters. In 2001, China acquired membership in the World Trade Organization (WTO) and vibrantly promoted itself in the international liberal order. China's policy of going global 1.0 (it provided a framework to guide the Chinese firms and domestic players to find offshore resources and markets) initiated in 2001 is actually a way forward in the way of getting hegemon status. After this, a period of remarkable growth started that led to increased investment in outside China and exports. The investment was mainly concentrated in the infrastructure, exports, heavy industry, and savings share supported high investment in the country and by 2007 the level of trade surplus rose to one-tenth of Gross Domestic Product (GDP)<sup>17</sup>. In the first decade of the twenty-first century, this remarkable period of investment and export-led growth made China the world's largest exporter and trader. By any method of measurement, China became the largest source of surplus savings and international investment. In the same decade, China became the second-largest economy in the world. Further, China's macroeconomic response to the global financial crisis (2008) was prompt, brilliant, and largely successful. It also proved the vibrant administrative capability of China over the rest of the world. Despite all the achievement of going global 1.0 policy (The aim of the Going Global 1.0 policy was to make a comprehensive framework to seek offshore markets for Chinese products and to guide domestic producers and investors to find resources abroad within the existing export practices of PRC) had some issues that needed to be addressed to make the transition smooth. The journey of China towards global leadership accelerated with the regime change. In 2012, the new administration and leadership of Xi Jinping declared its commitment to establish greater equity in income, wealth distribution, and a market-oriented economic system<sup>18</sup>. The commitment of China to use soft power for its domination in the world is still a dominating factor of its foreign policy. In sum, we can say that China proved its economic strength from domestic to national and international level.

### **China's Planning and Preparations to be a World Hegemon**

Change is the only constant thing in this world. The above-mentioned history of the world clarifies the point that the world remained under many powerful rules. In near history, in the nineteenth century, Europe ruled the world under the leadership of Britain (it is also called Europeanization); America ruled the twentieth century and now in the twenty-first century, the world is predicting that the future will be of Asia. Asia, which has been part of the colonial empire of Britain, is ready to rule the world. Even the global think tanks are

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<sup>17</sup> CRS Report, (2019, June 25). China's Economic Rise: History, Trends, Challenges, and Implications for the United States, Congressional Research Service.

<sup>18</sup> Salidjanova, Nargiza, (2013, March 12). China's New Income Inequality Reform Plan and Implications for Rebalancing, US-China Economic and Security Review Commission.

predicting that Asianization will be the dominating order of the world in near future<sup>19</sup>. After the Second World War, colonialism was completely exterminated from the Asian region. Further, the end of the Cold war proliferated privatization, deregulation, and democratization in most states of the region.

China though was the main player of the Asian region but it did not influence by the global trends and mainly remained Autarky. Later, in the 1970s, China decided to open up its relations with the outer world and also worked for economic strength within the sphere of its conventional norm of self-sufficiency. China introduced many reforms to strengthen its influence on the world level but had to start its journey from the ground level to build up its economy. Many experts agreed that the changes occurred in the Chinese political and socio-economic sector can be described into three different but interlinked phases. The first phase is called the “Market-Seeking Reforms” which initiated in 1978 and continued in the next decade as well. During this phase, China searched for the right economic institutions, and its reforms were mostly concentrated on microeconomics. It established its first four SEZs; reforms regarding Socialist commodity economy, provisional bankruptcy law, and comprehensive reform plan were endorsed. In 1990, the Shanghai Stock Exchange (SSE) was also established under the influence of these reforms<sup>20</sup>.

The second phase mainly consisted of the “Market-Building Reforms” which includes the endorsement of Socialist Market Economy, the introduction of SOE reforms (aimed at “Grab the big and let go of the small”), central bank laws, banking, and budgeting laws, housing reforms, the entry in WTO, rights of private property was also added in the constitution<sup>21</sup>. The initial two phases completed the homework for the vibrant development of 'rising China' because the reform in the new millennium mainly focused on enhancing the market. The third phase is called the “Market-Enhancing Reforms”, under these reforms, certain norms were introduced to establish a harmonious society, plans were introduced for the development of science and technology, in response to the global financial crisis a stimulus plan was introduced, certain policies introduced to rebalance and avoid the middle-income trap, for resource allocation, a decisive role of the market was decided and strong SOEs introduced to enhance its market effectively up-till 2015<sup>22</sup>. Later,

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<sup>19</sup> Khanna, P., (2019). *The Future is Asian*, Weidenfeld & Nicolson, Great Britain.

<sup>20</sup> Hofman, Bert, (2018, January). *Reflections on Forty Years of China’s Reforms*, Speech at the Fudan University’s Fanhai School of International Finance, World Bank.

<sup>21</sup> Hofman, Bert, (2018, January). *Reflections on Forty Years of China’s Reforms*.

<sup>22</sup> Hofman, Bert, (2018, January). *Reflections on Forty Years of China’s Reforms*. World Bank, <http://pubdocs.worldbank.org/en/934911517472447837/Reflections-on-40-years-of-reforms-final.pdf>

China's involvement in certain multilateral projects with all of its neighbors and regional blocks enhanced the capacity and capability of China remarkably.

Mainly it is considered that journey of China's rise is mostly associated with the initiation of the One Belt One Road (OBOR) project (which made it a strong competitor of the sole superpower) but it is not true. China's achievement to be the world's second-largest economy is not a sudden or abrupt action, but a well-planned strategy was developed and followed by the Chinese leadership to compete on the international forum. China adopted a strategic orientation of peaceful development for all and with all. The norm of 'Peaceful development' remained an important and grand strategy of China to be the rising power because to be economically interdependent in the age of globalization is quite significant to safeguard one's sovereignty. China was aiming to be an economically developed state by opting for the trends of modernization, for this purpose infrastructure development was the prerequisite. So, it is obvious from history that China's journey to becoming a world hegemon, officially started from the development of the 'Silk Road' because this road proved a milestone to enhance the economic trade activities. Late Akram Zaki (he was ex-chairman of the Senate Standing Committee on Foreign Affairs Pakistan) was of the opinion that China started its work on connecting with the world in the 1960s when it signed the 'Air Corridor' agreement with Pakistan<sup>23</sup>. The establishment of the Karakorum Highway and the development of Gwadar Port in Pakistan were also part of connecting with the world strategy of China (later this laid the foundation of CPEC and OBOR).

After the inclusion of China in WTO in 2001, the increase in soft policies regarding economic relations among states eased the ways for more and more collaborations with the neighboring and regional states. It made China a well-developed economy and globally powerful nation by persisting in peaceful development. Although, the bitter experience of the Opium War (1840-1949) made China capable to recognize the fact that political and economic development is possible only through the strategy of peaceful development because the coercive history of Pax-Britannica and Pax-Americana clarified the fact that any kind of coercive military engagement, war activity, and conflicts can ruin China's position as an emerging power. Therefore, China followed the principle of "peaceful development for all". But still, the potentials of developing states (especially Asian states) were not so influential. The financial crisis of 2008 provided an opportunity for the developing states to participate in the discussions on the international economic forums and finally, they raised their voices for their rights at those forums. The performance and strategy of G20 in the crisis ushered a new transition in the structures of global governance.

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<sup>23</sup> Ramay, Shakeel A., (2020, August 23). CPEC and Political Consensus, <https://dailytimes.com.pk/657932/cpec-and-political-consensus/> (accessed on: 23 Sep, 2020).

The global governance was transforming from “US-led global economic governance” to “co-governance by both East and West”, and China actually got prominence when the crisis hit the world. Akram Zaki writes about this scenario in these words,

“United States became the most powerful nation in terms of military and China became the most popular nation. Militarily China was no match for the USA, but Mao Zedong’s theory was that military weakness can be compensated by economic and political strength. That is what they did. Theirs is the virtue of good-will rather than bullying other nations. The doctrine revolves around peaceful co-existence, noninterference in internal affairs, co-operation on the basis of equality and mutual respect, economic cooperation, and sharing of the best benefits of China’s prosperity. During the crisis of 2008, China saved several nations from collapse, supporting them financially”.<sup>24</sup>

### **How COVID-19 proved helpful to accelerate the process of Pax-China**

In the past decade, China got great attention on the international stage. China played a strategic and efficient role in fighting against the Global Financial Crisis (GFC-2008). China proved its capability to resolve global issues with its strong commitment to peaceful development by launching a stimulus program. The starting of the current decade brought more opportunities for China to expand its markets. China introduced policies to rebalance its economy and avoid the middle-income trap and the dominance of State-Owned Enterprises, decided to establish the rule of law, and emphasized innovation and productivity for sustainable growth.<sup>25</sup> Working on this track, finally, in 2017 the communist party of China declared the new era of development and described China’s long-term goals for socialist modernization by 2035.<sup>26</sup> In the same year, OBOR was initiated which mainly aimed to enhance the economic relations with all regional states.

The forty years of reforms made China capable to fulfill its dream to establish road links that were initiated from the Silk Road almost 2000 years ago. China’s inclusion in Belt and Road Initiative (BRI), Capacity Co-operation agreements, China-Pakistan Economic Corridor (CPEC), One Belt and One Road Initiative (OBOR initiative) all programs aimed at the expansion of the Chinese markets to the regional as well as beyond regional level. All these agreements elevated the Chinese domestic and foreign industries, boosted up the

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<sup>24</sup> Zaki, Akram, (2014). The Evolution in Global Power Balance and Pak-China Relations, Pluto Journals, (3-15).

<sup>25</sup> Koty, A. Chipman, (2017, October 19). Key Takeaways from Xi’s Speech at China’s 19th Party Congress, <https://www.china-briefing.com/news/key-takeaways/>, (accessed on: 2020, Oct 20).

<sup>26</sup> Xin, Zhou, (2020, October 09). What is China’s plan to meet Xi Jinping’s Economic vision for Socialist modernization by 2035?, <https://www.scmp.com/economy/china-economy/article/3104736/what-chinas-economic-plan-meet-xi-jinpings-vision-socialist>. (accessed on: 2020, Oct 20).

fields of construction, technology, investment, nuclear energy, and scattered its projects to develop industries and markets of the third world countries as well. About these forty years reform journey, Garnaut, Song, and Cai write, “China’s gradual strategy reinforced the credibility of reform over time. By undertaking reforms one step at a time and starting with those most likely to deliver results, the government buildup its reputation for delivering on reform”<sup>27</sup>. In this way, China raised its reform capital.

Despite the fierce lobbying of America against China, especially after the election of Donald Trump in 2016, China developed its capacity in such a better way that in 2019 China became the world’s strongest economy and stood up at the top position in the list of the world’s largest exporters. ‘China policy’ is a Beijing based advisory board of China, writes that, “From 2015, China’s deals were scattered around the world in the form of Capacity Cooperation agreements which upgraded China’s manufacturing quality and efficiency in the areas of integrated circuits, aerospace, aviation, nuclear, robotics, and Artificial Intelligence”<sup>28</sup>. Many experts called this recent tussle between America and China the “New Cold War”, but in reality, China got popular due to its co-operative policies and motto of peaceful development. Further, the global pandemic, the outbreak of COVID-19, badly shook the world economy and the figures of development are changed rapidly worldwide. However, China’s economy has speedily recovered from the aftershocks of COVID-19 and it has left behind the U.S supremacy in world economic share.

### **Outbreak of COVID-19 and Pax-China: An Analysis**

The outbreak of COVID-19 damaged the global economy a lot, but the political and economic experts look at the pandemic as a great opportunity for acceleration in the process of Pax-China. The existing period of pandemic provided a chance for China to unfold its economic, administrative, and biotechnological power before the whole world. China, not only, effectively handled the spread of COVID-19 and overcome the human-life and economic growth-related damages soon after the outbreak of the Pandemic, but it also provided its help to other countries in this regard. A report published by the ‘China Policy’ stated that,

“A series of world crises have bolstered the ambition of Going Global as a truly global enterprise beyond mere industry and trade. Wars in the Middle East, and the global financial and refugee crises, brought windfall gains, opening space for China to stake its claim to create global public goods: stability and development. This picked up speed

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<sup>27</sup> Granaut, Song & Li, (2018). China’s 40 years of Reforms and Development: 1978-2018, ANU Press, Australia.

<sup>28</sup> China Policy, (2017). China Going Global: Between Ambition and Capacity, China Policy Centre, Beijing.

through 2016, as Brexit and Trump's election saw Western powers move to withdraw from global leadership"<sup>29</sup>.

US-China rivalry is intensifying day by day [the political and economic experts named it as the 'Second Cold War']. Trump has different times, during his tenure, expressed his Anti-China sentiments publicly. Trump's confrontational approach towards China is proving that China has become a real threat to the American global hegemony. It looks like America did not learn the lesson from the history of ex-world superpowers and it extravagantly engaged itself in the costly wars which hollowed out its economy and badly affect its status as a superpower. Recently America is under the great debt of the UN, and Trump was advised by former President Jimmy Carter to "stop fighting wars" when Trump asked how to deal with China<sup>30</sup>. America's superpower position is shaking because of the recent eruption of the global pandemic. China actually showed its capacity for effective responsiveness to this global crisis. China still retained its position of a sustainable economy by securing positive economic GDP and its policies regarding speedy developmental recovery are considered better and reliable than the superpower. Furthermore, the American business community is greatly suffered by this US-China rivalry, because the assembling units of these companies were established in China and after this CW-II America was compelled to invest again to establish its own assembling units. This act proved a real setback for the American business community's downfall.

During the initial proliferation period of the COVID-19 pandemic, China's performance regarding efficient response to handle the patients was remarkable. China built a large and special Xiaotangshan hospital in Wuhan in just seven days to treat the patients who were in the quarantine phase. This fast construction broke the records of fastest construction of a hospital<sup>31</sup>. It showed the rapid and efficient response capacity of China toward any global crisis. Technological empowerment and advancement of China also got a great edge during the pandemic. The robot technology provided great help in taking care of the victims of COVID-19, and also proved helpful to avoid further transmission to other people. A good example of this "is the use of robots for autonomous transportation of drugs in a hospital in Guangzhou (China) during the COVID-19 outbreak. China's Wuhan Wuchang Hospital demonstrated during COVID-19 that these ideas can be implemented. At this hospital a

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<sup>29</sup> China Policy, (2017). *ibid*.

<sup>30</sup> French, Howard, W. (2019). "US-China Rivalry in Trump Era", *World Politics Review*, <https://www.worldpoliticsreview.com>

<sup>31</sup> BBC News, (2020, Feb 02). Coronavirus: the hospital built in a matter of days, [https://www.bbc.com/news/in-pictures-51280586#:~:text=Huoshenshan%20Hospital%20is%20based%20on,the%20Sars%20virus%20in%202003.&text=Xiaotangshan%20Hospital%20was%20built%20in,fastest%20construction%20of%20a%20hospital,\(accessed on: 20 Oct, 2020\).](https://www.bbc.com/news/in-pictures-51280586#:~:text=Huoshenshan%20Hospital%20is%20based%20on,the%20Sars%20virus%20in%202003.&text=Xiaotangshan%20Hospital%20was%20built%20in,fastest%20construction%20of%20a%20hospital,(accessed on: 20 Oct, 2020).)



smart field was created, in which 14 robots performed a number of tasks to take care of patients including cleaning, disinfection, drug delivery and temperature measurement”<sup>32</sup>. Despite the fact that the COVID-19 broke out in the Wuhan province, China controlled it in a short period of two months only and effectively managed the patients and controls the spread of VIRUS beyond the province of Wuhan. Further in November 2020, China’s Sinovac Biotech is included in the list of the pioneer pharmaceutical companies that have prepared the vaccine to cure this deadly Virus.<sup>33</sup>

During the year 2020, the use of mobiles, laptops, and other networking devices have a record increase due to lockdown. The coronavirus COVID-19 has changed our lifestyle across the world. Our education, social interaction, gaming, entertainment, news, health, information, and purchasing practices also changed a lot. Within the sphere of changing environment, every work and most of the businesses are now depending on online services. China’s performance regarding the recovery of the shooked economy because of the global pandemic is astonishing. China not only became the world’s second-largest economy but also maintained its positive GDP growth during the pandemic unlike the rest of the world.

According to the study of SimilarWeb, (a company that provides web analytic services for worldwide business), the world’s top ten sites ranking for e-commerce and shopping in the world includes American, Chinese, and only one Japanese company<sup>34</sup>. The time of social distancing connects more people through the zoom app developed by China. The fields of education, consultation, health assistance and consultancy, virtual interviews and conferences, entertainment, and social contacts among the people for business or domestic gatherings have drastically changed by using the zoom app. It helped the world to enhance its connectedness in the time of quarantine. During COVID-19, “daily downloads of the Zoom app has increased 30 times year-over-year and the app has been the top free app for iPhones in the United States since March 18, according to Bernstein Research and Apptopia. Zoom said, daily users, spiked to 200 million in March, up from 10 million in December”<sup>35</sup>.

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<sup>32</sup> Zemmar, A., Lozano, A.M. & Nelson, B.J. The rise of robots in surgical environments during COVID-19. *Nat Mach Intell* **2**, 566–572 (2020). <https://doi.org/10.1038/s42256-020-00238-2>, (accessed on: 2020, Oct 20).

<sup>33</sup> Yu, Xu, Wang, Chang, Dong, Tsamtag, Zhang, (2020). Effective mitigation strategy in early stage of COVID-19 pandemic in China, <https://idpjournal.biomedcentral.com/articles/10.1186/s40249-020-00759-3>, (accessed on: 20 Oct, 2020).

<sup>34</sup> SimilarWeb, (2020, Oct 01). Top Websites Ranking, <https://www.similarweb.com/top-websites/category/e-commerce-and-shopping/>.

<sup>35</sup> Evans, Dain, (2020, Apr 04). How Zoom became so popular during social distancing, CNBC, <https://www.cnbc.com/2020/04/03/how-zoom-rose-to-the-top-during-the-coronavirus-pandemic>.

The multinationals of China like Huawei, Zoom, Taobao, and Alibaba are already dominating the world economic market. Today in the list of largest companies by revenue top four positions are secured by America and China. America's Walmart is at the top and China secured the second, third, and fourth positions (Sinopec Group, State Grid, and China National Petroleum accordingly).<sup>36</sup> Alan Murray and David Meyer, senior writers of the fortune magazine writes that, "for the first time, there are more fortune global 500 companies based in Mainland China and Hong Kong than in the US- 124 vs. 121. Add in Taiwan's companies and the greater China total jumps to 133".<sup>37</sup> The world is struggling for 5G technology and China is working to get the 6G technology. China got excellence in space technology also which has shaken the American supremacy in the defense sector regarding missile shield technology. In short, the dominance of China is quite obvious for the world in the twenty-first century and America's resistance and confrontational behavior proved that America will leave no stone unturned to combat China in the coming decades.

### Conclusion

Besides all these facts the voices from the American president and officials proved that they know that now they have to work hard again to restore the position of global hegemon because Trump has continuously used the slogan, "let's make America great again" during his election campaign for the 2020 American presidential election which indicates that concepts of American hegemony are in the declining stage. Further, the studies of the UN, IMF, and World Bank anticipated that by 2024, China will be the strongest economy and dominating power in the world. Pax-China has been emerged with the dawn of the twenty-first century and will rule the world in this century. For the last four decades, China emphasized the reforms in policies of the market seeking, market building and market enhancing. China succeeded in its efforts to grow and open up its economy and became a part of the international economy. It competed with The United States of America and European countries on the economic forum. China's strategy of development mainly followed the norms of "soft politics" and "development for all and with all". This policy of development creates an almost win-win situation for all the developing countries in the Asian region. China has already got prominence due to its effective developmental strategies but the phase of pandemic (COVID-19), actually, has accelerated the process of Pax-China. The pandemic of COVID-19 actually helped China to accelerate the process of its overall growth and development to prove its upcoming hegemonic status in the world.

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<sup>36</sup> <https://priceofbusiness.com/top-10-largest-companies-in-the-world/>

<sup>37</sup> Murray, A. and Meyer, D., (2020, Aug 10). The Fortune Global 500 is now more Chinese than American, <https://fortune.com/2020/08/10/fortune-global-500-china-rise-ceo-daily/>, (accessed on: 2020, 30 Oct).

