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Q:- Discuss the impact of Economic Development of China on World Order?

### Introduction:-

The global balance of power is shaped by economic shifts, with China emerging as a dominant force in the international system. Over the past few decades, China's rapid economic growth has transformed it from a developing nation into the world's second-largest economy. This rise has significantly impacted the world order, challenging Western dominance in multiple domains.

China's expanding influence has led to a shift from a unipolar to a multipolar world order, a reconfiguration of global trade networks, and an increasing challenge to the U.S. dollar's global supremacy. Additionally, its leadership in technological advancements and resource diplomacy has significantly reshaped global economic and security dynamics. As China continues to assert its economic and strategic influence, the world order is witnessing a profound transformation, moving towards a more multipolar and interconnected

System -

## Overview of Economic Development of China

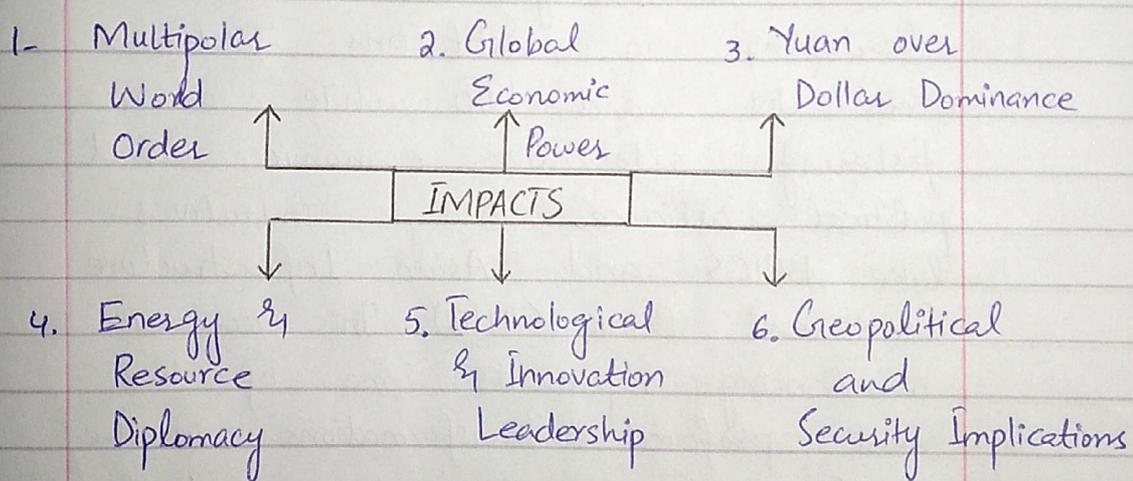
China's economic development has been characterized by remarkable growth and transformation over the past few decades. Since implementing market reforms in the late 1970s, China has evolved from a primarily agrarian society to the world's 2nd largest economy and a global manufacturing giant. The country's GDP growth averaged around 10% annually for many years, lifting hundreds of millions out of poverty. However, recent years have seen a moderation in growth rates, with the government targeting 5% growth in 2023.

China's economic model is shifting from an export-led growth and heavy investment approach towards a more balanced one, focusing on domestic consumption, services and high-tech industries. The "Made in China 2025" initiative, launched in 2015, aims to upgrade China's manufacturing capabilities in key sectors. The country is now focusing on "high-quality development", emphasizing innovation, sustainability,

and self reliance in critical technologies, while also navigating complex global economic relationships and striving to maintain its position as a major player in the world economy.

### Impact of China's economic development on world order

The economic development of China has a significant effect on the existing world order. These are as follows:-



### 1- Shift from Unipolar to Multipolar World Order:-

China's rapid economic rise has significantly contributed to the shift from a US-dominated unipolar world order to a more multipolar system. From a mere \$150 billion GDP in 1978, at the start of its economic reforms, to an \$18 trillion

economic giant by 2024, now ranking as the world's second largest economy after the United States (IMF). This remarkable growth has diminished America's relative economic dominance, creating space for middle powers, such as the European Union, India and Russia, to cast a more significant influence in global affairs. The resulting multipolarity has made international relations more complex, with China emerging as a counterweight to Western leadership in institutions such as the UN and WTO while also fostering alternative economic and political alliances through initiatives like BRICS and Asian Infrastructure Investment Bank (AIIB). This economic rebalancing represents one of the most profound transformations in the global order since the end of Cold War. Although, Beijing has expanded its geopolitical footprint but the global system has not yet fully transitioned into a stable multipolar order, as the United States retains structural advantages in military reach, alliance systems and financial dominance.<sup>2</sup>

argues C. Raja Mohan in *Foreign Affairs*.  
(The Multipolar Delusion)

## 2. Shift in Global Economic Power:-

China's rapid economic growth has significantly changed the global economic landscape, challenging Western dominance. According to the International Monetary Fund (IMF), China surpassed the United States as the world's largest economy in purchasing power parity (PPP) terms in 2014. Additionally, the World Bank reports that China now accounts for 18% of the global GDP, making it a significant player in international economic affairs. This shift has enabled China to play a more influential role in global financial institutions, trade agreements, and economic policy making. As a result, the world order is gradually transitioning towards a more multipolar economic system with China at the center of global financial and trade networks.

## 3. Challenge to U.S. Dollar Dominance as a Reserve Currency:-

China's economic rise has led to increasing efforts to reduce global reliance on the US dollar, challenging its dominance in international trade and finance. The **Belt and Road**

**Initiative** (BRI) spanning over 140 countries, has promoted the use of the Chinese Yuan in cross border transactions, with several trade deals now settled in Yuan instead of dollars. Moreover, the BRICS nations (Brazil, Russia, India, China and South Africa) are actively working on alternatives to dollar-based trade, with China spearheading initiatives like

CIPS → alternative to SWIFT.

**C I P S**

Cross-border Interbank Payment System.

As more countries drift away from the US dollar, China's push for a multipolar currency system is gradually reshaping the financial aspect of the global order, reducing Western economic leverage over international markets.

#### 4. Technological and Innovation Leadership:-

China's economic rise has translated into an assertive push for technological leadership in semiconductors, AI, and advanced manufacturing. In response, the United States imposed sweeping exports controls and restrictions on advanced chips to curb Beijing's ascent. Yet, as Scott Kennedy expounds in *Foreign Affairs Magazine*

## "How America's War on Chinese Tech

Backfired", these restrictions paradoxically accelerated China's drive for technological self-reliance. This dynamic reflects the logic of the **Thucydides Trap**: when a rising power challenges an incumbent's dominance, strategic fear transforms economic competition into intensified rivalry. Furthermore, China led the world in 5G deployment. Chinese companies such as Huawei, Tencent and Alibaba dominate sectors including telecommunications, e-commerce and cloud computing. Now, China has got a strategic edge in shaping global technology standards reducing Western dominance in the digital economy.

### 5. Geopolitical and Security Implications:-

China's economic success has enabled a significant expansion of its military capabilities, shifting global power dynamics. According to the Stockholm International Peace Research Institute (SIPRI), China's defense budget reached **\$293 billion** in 2023, making it the second-largest military spender after the United States. Additionally, through initiatives such as the **String of Pearls** strategy, China has established key

naval bases in the Indian Ocean like Djibouti (Port of Doraleh), thereby strengthening its maritime influence. This growing military presence, coupled with China's assertiveness in the South China Sea, is reshaping regional security structures and challenging traditional Western alliances in Asia, signaling a shift in global strategic balance. These steps hint at John Mearsheimer's concept that the controllers of 4 chokepoints will be the ultimate winner of geopolitical chessboard in 21st century.

"19th century was the century of Europe. 20th century was the century of America and 21st century would be the century of Asia".

(The Tragedy of Great Power Politics).

## 6- Energy and Resource Diplomacy:-

China's dominance in global trade has restructured supply chains and economic dependencies worldwide. As the world's largest exporter, with \$3.4 trillion in exports in 2023, China has integrated itself deeply into the global economy, making many relations reliant on its manufacturing and supply

chains. Initiatives like the Regional Comprehensive Economic Partnership (RCEP), the largest trade bloc covering 30% of global GDP, have further solidified China's economic influence. As global trade shifts towards Asia-centric networks, China's role as a trade hub is diminishing the economic impact of Western economies, reinforcing its central position in the evolving world order.

**Conclusion:-**

China's economic development has profoundly altered the global order, challenging Western dominance and fostering a more multipolar system. While this transformation presents opportunities for economic cooperation, it also raises geopolitical tensions and competitive rivalries. Therefore, China's economic development is a catalyst not yet a conclusive structural replacement. Moving forward, the evolving world order will likely be characterized by economic interdependence, strategic competition and the necessity of diplomatic engagement to maintain global stability.