

Hope, anxiety loom in 2019, as world on edge



[Sreeram Chaulia](#)

Sreeram Chaulia is a professor and Dean of the Jindal School of International Affairs.

Published : Jan 1, 2019, 11:01 pm IST

Updated : Jan 2, 2019, 12:56 am IST

0 0

Businesses are also on tenterhooks over the uncertainty of a disorderly Brexit and President Trump's economic wars.



📷 If India's voters reaffirm their trust in Prime Minister Narendra Modi's steady hands this year, they will cement its reputation as an oasis of sanity amid global turbulence.

The psychological feeling of a fresh start when the calendar turns a page and the human urge for better tidings in the New Year are undeniable. But good wishes and pious thoughts are insufficient to dispel the darkening clouds. 2019 threatens to be an unsettling year around the world.

The international conditions inherited from 2018 are discouraging and they cannot be easily rectified and rerouted toward an optimistic path. Topmost among the structural problems carrying forward from the bygone year is the slowing global economy. Forecasts by prominent knowledge centres concur that worldwide GDP growth will shrink in 2019.

The Japanese financial firm Nomura reckons that the world grew at 3.9 per cent in 2018 and can churn out only 3.7 per cent this year. The Organisation for Economic Cooperation and Development (OECD) says 3.7 per cent was achieved in 2018 but 3.5 per cent will be all in 2019. The London-based consultancy IHS Markit sounds a sharper alarm by calculating that global output registered a 3.2 per cent rise in 2018 and will fall to just three per cent in 2019.

If you think an average 0.2 per cent downgrading of world output is not disastrous, 2019 could be the beginning of a fairly long decline or an omen for a 2008-style economic crash. As income inequalities stay stubborn and regulations on big businesses are further loosened in rich countries, systemic risks are piling up.

Terms like "deceleration", "plateauing" and "crimping" dominate the New Year prognoses for the most consequential economies — the United States, China, Japan, Europe and Canada. The economist Megan Greene has warned that 2019 will witness a "synchronised slowdown", driven by the withdrawal of fiscal stimuluses from governments, lack of boost in productivity and the protectionist wave unleashed by US President Donald Trump.

The global boomlet experienced during the last couple of years was fuelled by heavy state investment and easy monetary policies of central banks. Now, as worries about public debt mount, the steroids doled out by governments are vanishing and we are in a phase of belt tightening by exchequers.

The private sector, which has got used to being bailed out and pampered by governments since the 2008 crisis, lacks brilliant new innovations or breakthroughs to power growth on its own. It is a strange dependency syndrome that bodes ill for a sustained recovery.

Businesses are also on tenterhooks over the uncertainty of a disorderly Brexit and President Trump's economic wars. In 2019, a lot is riding on how the United States squares up to China. The World Trade Organisation (WTO) has lowered global trade growth expectations from 3.9 per cent in 2018 to 3.7 per cent this year, with much hinging on whether or not Mr Trump's touted "big progress" on a deal with China's President Xi Jinping leads to a final settlement or proves to be a mere tactical ceasefire.

The hurdle to fully resolving this conflict is that neither side is wearing purely economic lenses. Mr Trump is a populist intent on tearing apart the delicate fabric of international cooperation to fulfil vows to his globalisation-wary domestic voter base. His trade hawks believe they can throw a spanner in China's relentless rise as a superpower by hammering it with tariffs and business barriers. President Xi's tough posture to resist American pressure derives from the hyper-nationalistic ideology of the Chinese Communist Party (CCP), which asserts that China is unstoppable and that the West must be compelled to digest this reality.

Although deeply interlinked business lobbies and conjoined interest groups in both countries have attempted to cool down heated tempers, the norm of interdependence between China and the US which anchored the global economy and geopolitics is eroding. Couple this with the fallout from the failure of arms control agreements between the US and Russia. The resultant strategic tensions and weapons buildups are rendering the world edgier in 2019.

The entrenchment of narrow nationalism and the breakdown of institutional mechanisms of managing disputes, be they bilateral or multilateral, pose major challenges in the New Year.

In 2018, President Trump walked the talk on his maxim that nobody is America’s partner or ally and everybody is its foe or competitor. His liberal foil, French President Emmanuel Macron, has posited a contrapuntal “patriotism” which is “exactly the opposite of nationalism”, and an antidote to “selfishness of nations only looking after their own interests”.

But in 2019, President Macron and other liberal internationalists seem feeble and forlorn as they face headwinds of mass unrest at home and the spreading virus of Trump-inspired populism across Europe. Even in Brazil, the far-rightist Jair Bolsonaro is assuming office as President on New Year’s Day and is likely to heighten regional tensions by taking a leaf out of the Trump playbook.

Popular disaffection with mainstream incumbent politicians and its exploitation by illiberal forces could also affect Africa, where two leading countries — Nigeria and South Africa — are heading to vital general elections scheduled this year.

Then there is India, which too is gearing up for parliamentary elections. If economic bad news and nativist rejection of globalisation and global governance are the macro-level international motifs in the New Year, India stands apart as an outlier. With a projected healthy GDP growth of 7.2 to 7.3 per cent in 2019, and a continued diplomatic emphasis on bilateral and multilateral cooperation, India appears to be bucking the global trend.

If India’s voters reaffirm their trust in Prime Minister Narendra Modi’s steady hands this year, they will cement its reputation as an oasis of sanity amid global turbulence. When the world as a whole is caught in a whirlwind of disruptive change in 2019, the Indian electorate has a historic chance to ring in stability a few months from now.

The writer is a professor and dean at the Jindal School of International Affairs

Tags: [chinese president xi jinping](#), [chinese communist party](#), [narendra modi](#), [gdp growth](#)

0 0

Reduce Your Monthly Electricity Bill by 82.3%* Today



Go Solar Now

[i](#) [x](#)

0 comments

[Recommend](#) 0

Write a comment

Name

Email

I agree with Vuukle's Privacy Policy

[Sign in](#)

Be the first to comment

TALK OF THE TOWN 



Kanhaiya ‘sedition’ charge unjustified
2 comments



Tencent Games and PUBG Corp. announce PUBG MOBILE India Series 2019
1 comment



Took Prashant Kishor into JD(U) after Amit Shah asked me twice: Nitish Kumar
1 comment



Mayawati hints at her PM ambitions
1 comment



Soul-searching is needed: India’s ‘ship of state’ near breaking point



London’s Assamese community slams citizenship bill

[Show more articles](#)