

Headlines:

- **Capitol Mob Marks Rapid Shift in How the World Sees America**
- **China's Rapid Recovery Puts Global Dollar Hegemony in Doubt**
- **Pakistan Eyes Economic Diplomacy to Boost Ties with African Countries**

Details:

Capitol Mob Marks Rapid Shift in How the World Sees America

The extraordinary events in Washington DC will mark a fundamental change in how the world sees the US. America likes to present itself as a model of democracy, an example for every other country in the world to follow. Yet the spectacle of armed demonstrators, with the encouragement of the outgoing president, breaking into Capitol Hill and seeking to disrupt the confirmation of the new president, is the kind of behavior we have associated in the past with a handful of Latin American countries. The riot, the uprising, the insurrection, the attempted coup, call it what you will, serves only to underline the gravity of the political crisis that now confronts the US. This event was no aberration: on the contrary, it is a symptom of the country's worst political crisis since the Civil War. One fears it is more a beginning than an end. How has America reached this nadir? The fundamental causes have been long in the making. At its heart is America's relative decline since the 1980s, although only very recently has this decline received widespread recognition. Well over half the population have experienced falling or stagnant living standards for in excess of forty years. Inequality is not only the worst in the rich world, but it has returned to the levels present in the US in the 1930s, if not even earlier. A majority of people now believe that their children will be poorer than they themselves were at the same age. For the majority, the long-standing and much-vaunted American Dream is already history. Biden will soon be president. He will enjoy a majority in the House of Representatives and the Senate. He faces a large hostile majority in the Supreme Court. Most seriously of all, he is confronted with a large part of the Republican Party that is bitterly opposed to him. And even more seriously, as we saw in the debacle on Capitol Hill, there are many people on the ground that believe he and what he represents is the Devil Incarnate, the enemy within. We cannot describe America as comprising two nations, but the bitter divisions that have opened up as a result of the Trump presidency, his veiled threats of a coup if he was not re-elected, and his deliberate encouragement of opposition bordering on insurrection, suggest that this could yet become America's future. The Civil War offers a chilling historical precedent, with eleven states choosing to secede from the Union because of their refusal to accept the ban on slavery. Such a modern-day equivalent seems extremely unlikely but no longer, in the light of recent events, entirely inconceivable. But even short of this, the prospects for American governance look bleak. With the US in continuing rapid decline, rampant inequality, falling living standards for the majority, rising unemployment, and China on the verge of displacing the US as the world's largest economy, the tensions and divisions are likely to grow ever greater. Biden may well get at least some of his legislation through Congress, but, with Trump in full cry, it will be contested and resisted on the streets in a way not seen in recent times. The acuteness of the divisions will undermine the legitimacy of governance. America will become unpredictable and unstable. America's voice in the world will count for that much less because those fissures will be clear to the rest of the world. The future will be constantly uncertain. America desperately needs major reforms - to deal with infrastructure and inequality, for example - but these will be extraordinarily difficult to achieve. The implosion of America seems like a recipe not just for further American decline but a far more rapid decline in the future. [Source: Global Times]

The world is witnessing an accelerated demise of American politics, democracy and primacy. It is incumbent upon Muslims to seize this opportunity and re-establish the Khilafah Rashidah (rightly guided Caliphate) and show the world the only alternative to the decadent West.

Pakistan Eyes Economic Diplomacy to Boost Ties with African Countries

Pakistan's foreign minister says the government is committed to develop economic ties with African countries to boost people-to-people and business links. Foreign Minister Shah Mahmood Qureshi held a meeting with ambassadors of different African countries at the Ministry of Foreign Affairs on Thursday to discuss bilateral economic cooperation prospects. Diplomats from Algeria, Kenya, Libya, Mauritius, Morocco, South Africa, Sudan and Tunisia attended the meeting. "Pakistan attaches great importance to its relations with African countries" and the government is committed to developing trade ties to explore the untapped economic potential, FM Qureshi said. Pakistan is eager to "promote bilateral cooperation with African countries in various fields, including agriculture, health, technology, tourism." Describing Africa as the "continent of the future", with 54 countries and a population of 1.3 billion, the foreign minister said Pakistan's

friendly relations with African countries needed to be “translated into a more robust economic partnership.” Pakistan is keen to upgrade its diplomatic ties and develop strategic cooperation with African states, he said. The country has planned to open new embassies and the foreign ministry has encouraged the Pakistani diplomats in the African region to devote all their energies to promote and strengthen the economic partnership between Pakistan and Africa. Last week, Pakistan announced to establish its diplomatic mission in strategically located Djibouti. Recently, FM Qureshi held a virtual meeting on economic diplomacy with Pakistani envoys posted in Algeria, Kenya, Nigeria, Ethiopia, Niger, Libya, Mauritius, Morocco, South Africa, Sudan, Senegal, Tanzania, Zimbabwe and Tunisia to emphasize the importance of economic diplomacy. Underlining the shift from geo-politics to geo-economics, the foreign minister urged the Pakistani envoys to develop mutually beneficial economic partnerships with African countries, focusing on trade promotion, financial inflows, investments, tourism and technology transfer. Pakistan’s trade with African countries touched US\$4.18 billion in 2019-20, signifying an increase by seven percent as compared to the previous year (US\$1.38 billion) despite the pandemic challenges. The success came after the first-ever ‘Pakistan-Africa Trade Development Conference’ in Nairobi in January 2020. The recent development is part of Pakistan’s “Engage Africa” policy, which aims at forging closer ties with the continent by expanding Islamabad’s diplomatic economic interaction and develop it into a strategic partnership. In 2019, Pakistan hosted the ‘Engage Africa’ diplomats’ conference in which Prime Minister Imran Khan urged Pakistani diplomats to “focus on African countries” to improve ties with the region with an emphasis on trade. [Source: Gulf Times]

Africa deserves an alternative trading policy than the one designed by neo-liberals in the West. Pakistan’s trading policies are no different, and sooner or later Africans will turn on Pakistanis. Instead, an economic policy underpinned by Sharia will be welcomed by Africans, but Pakistan’s leadership is determined to follow its colonial masters (Britain and America) in the new scramble for Africa.

China’s Rapid Recovery Puts Global Dollar Hegemony in Doubt

China’s light-speed recovery from the pandemic has reignited the perennial debate about how long the dollar’s 50-year dominance of global markets can persist. The U.S.’s struggle to control the coronavirus and revive its economy contrasts sharply with the Asian nation, where growth has roared back. That divergence -- which saw the greenback’s worst performance since 2017 as the yuan advanced -- has bolstered China’s tilt at dollar hegemony, with investors flocking to onshore assets, trying out the renminbi for trade, and even giving it another look as a reserve currency. The dollar’s demise as the world’s reserve currency has been idly speculated on and predicted for years, of course. Prior to the yuan, all the hype was about the euro as the dollar’s successor. Nothing, though, ever managed to dent the twin forces underpinning dollar supremacy: the U.S.’s role as both global growth engine and haven of first choice for investors during crises. So powerful were these two pillars that they were given a catchy nickname in trading circles years ago -- the “dollar smile.”

But recently, that smile has looked more like a smirk, with the virus eroding both of the currency’s traditional supports. Instead, it’s the yuan that’s benefiting from demand for economic outperformance, and for assets insulated from the pandemic’s fallout, bringing the currency’s long-term prospects back into focus. “The center of the world’s economy is shifting from the Northern Atlantic, where it’s been for 500 years, to the Pacific,” said Marc Chandler, chief market strategist at Bannockburn Global Forex. “The currency markets are going to reflect that over time.” It’s a somewhat ironic end to President Donald Trump’s pursuit of a weaker dollar. Despite frequently admonishing Beijing officials for keeping a lid on their currency to support Chinese exports at the expense of the U.S. -- and starting a full-blown trade war to force their hand -- it took a pandemic to change the tide. China is reaping the rewards. The world’s second-largest economy is now set to depose the U.S. as the leading engine of growth in 2028, five years earlier than expected just a year ago after better weathering the pandemic, the Centre for Economics and Business Research said last month. While American output is poised to rebound in 2021, growing 3.9%, China is on track to expand more than 8%. And its central bank is considering tightening monetary policy -- in stark contrast with a pledge from the Federal Reserve to remain accommodative, which has helped drag down the dollar. [Source: Bloomberg]

The West has been arrogant in dealing with Covid-19 and subsequently, has suffered immensely. China, got the most basic principles of epidemic management right from the outset—total lockdown to prevent transmission of the virus. Hence, it is no surprise to see China’s economy out performing America, and strengthening the case for the Yuan to become the world’s reserve currency.