

Emerging Centres of Power

European Union

- After the end of the Second World War, there was a dilemma among many European leaders over the status of Europe. The Second World War shattered the structure on which the European states had based their relations.
- The Cold War aided the integration of Europe after 1945. The European economy was revived by the extensive financial support by USA under the 'Marshall Plan'.
- The Organisation for European Economic Cooperation (OEEC) was established in 1948 to channel aid to the West European states. Through OEEC, Western European States began to cooperate on trade and economic issues.
- Another step forward in political cooperation was the establishment of the council of Europe in 1949.
- The disintegration of USSR led to the formation of European Union in 1992 which was a group of European Capitalist countries. It laid the foundation for a common foreign and security policy, cooperation on justice and creation of a single currency.
- The European Union has evolved over time from an economic union to an increasingly political one.
- The European Union has economic, political, diplomatic and military influence as the EU is the world's biggest economy which gives it influence over its closest neighbours and in Asia and Africa.

And it functions as an important bloc in international world economic organisation as the World Trade Organisation.

- Economically, the European Union is the world's biggest economy. It had a GDP of more than \$12 trillion in 2005. Its currency Euro, can pose a threat to the dominance of the US dollar.
- On the political and diplomatic ground, Britain and France, the two members of EU are permanent members of the UN Security Council. These two nations are also the non-permanent members in UNSC which enabled European Union to influence the US policies (i.e. current position on Iran's nuclear programme, use of diplomacy, economic investment and in case of a dialogue with China on human rights and environmental degradation).
- In the defence field, the European Union's combined armed forces are the second largest in the world. It is the most important source of space and communications technology also.

Rise of the Chinese Economy

- China has been growing as an economic power since economic reforms of 1978. It is projected to overtake the US as the world's largest economy by 2040 with the economic strength of population, land mass, resources, regional location and political influence.

- After independence of People's Republic of China in 1949, Soviet model of economy was adopted under the leadership of Mao by assuring employment, social welfare, education to all and better health. It now relied on its own resources and started to grow Chinese economy at the rate of 5-6 percent.
- China ended its political and economic isolation with major policy decisions taken in 1970s. These included China-US relations establishment in 1972, four areas of modernisation (Agriculture, Industry, Science and Technology).
- There was privatisation of agriculture and industries in 1982 and 1990.
- An 'Open Door Policy' was announced by Deng Xiaoping in 1978, which aimed at generating high productivity by investments in capital and technology from abroad.
- Special economic zones were set up. State had a centralised role in setting up of China's economy.
- Still the Chinese economy did not benefit everyone in China. The rate of unemployment has risen, working conditions and female employment is bad.
- Regionally and globally China is going to be recognised as an economic power due to contributory factors i.e. integration and interdependency have tempered its issues with Japan, the US, ASEAN, Russia, Taiwan. Even China's outward-looking investment and aid policies in Latin America and Africa are projecting it as a global player.