DOI: https://doi.org/10.61841/as72e067 Publication URL: https://nnpub.org/index.php/SSH/article/view/2874

FROM MARKET TURBULENCE TO TRIUMPH: USHERING IN AMERICA'S ECONOMIC GOLDEN AGE

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ABSTRACT

The global trade was also significantly disrupted but to a large extent, exacerbated such an instability in world economy as a result of COVID-19 pandemic. This brief provides insight into the role of market intermediaries (wholesalers, distributors, logistics companies, etc.) and how they take advantage of the crisis to hike up prices and game the system of global value chains. And as factories started coming back online from the pandemic closure, prices of many essentials, like food and clothing, stayed elevated anyway, suggesting the price increases were more from opportunism than from actual higher production costs. The report finds several factors contributing to these sustained price jumps, such as cutthroat competition in the market, tight control of supply chains and evolving consumer behaviors. It suggests that the World Trade Organization's authority should be enlarged to govern price-setting actions and transparency in global markets, especially in periods of crisis. To address this, the paper suggests that a GPSF (Global Price Stabilisation Framework) be created to enforce globally binding prices at cost of production, anti-hoarding regulations and worldwide margin transparency with punishment for profiteering. In addition, the GPSF would have an international consumer protection dimension to protect consumers from market abuse of the most vulnerable. By analyzing these dynamics and suggesting regulatory solutions, this study seeks to expand the comprehension of the economic difficulties the pandemic has aggravated and to contribute to the current discussion on the foundational principles of a fairer and more resilient global trading regime.

Keywords: *COVID-19, market intermediaries, price inflation, global supply chains, World Trade Organization, Global Price Stabilization Framework, anti-hoarding, global transparency, consumer protection, and regulatory reform.*

INTRODUCTION

The outbreak of COVID-19 that started in late 2019 has sent shockwaves throughout the world, influencing nearly every aspect of human existence such as the global economy. Its impact was especially crushing in the areas of trade, supply chains and commerce, where whole industries screeched to a halt or experienced steep slowdowns. The implications of the pandemic for health were immediately tragic, and those for the economy widespread and long lasting, affecting how countries and businesses produce, trade, and withstand economic shocks (Shahzad et al., 2023).

As nations locked down to prevent spread of the virus, the flow of goods and people ground to a halt, both regionally and globally. These far-reaching lockdowns not only restricted workers' access to industrial facilities and warehouses, but also seriously disrupted transportation networks and cross-border trade. Ports backed up, lanes of shipping narrowed and air freight dropped to a fraction of pre-pandemic levels. Disruption of the trade flows caused a deficit of raw materials that then affected goods production in almost every industry - from healthcare, electronics, telecommunications and food (Grigoryev, & Grigoryev, 2020).

Meanwhile, the pandemic sparked a labor shortage as workers were furloughed, fell ill or were prohibited from traveling under restrictions. This looting of the planet contributed to the existing supply chain bottlenecks and multiplied them, resulting in a storm of uncertainty for global commerce." There was a dramatic increase in demand for these critical goods (especially medical supplies, personal protective equipment (PPE), food, pharmaceuticals), and supply chains were unable to keep pace. With manufacturers and producers unable to increase production fast enough, or dealing with hold-ups in acquiring raw materials, the cost of these products skyrocketed. As fear and uncertainty spread, intermediaries, including traders, wholesalers, speculators and distributors moved in to take advantage of the chaos, making a bad situation even worse. These intermediaries, who stood between producers and consumers, typically seized the opportunity to maximize profits through warehousing goods, limiting supplies and raising prices. Their opportunistic conduct only served to make the existing supply shortages much worse. They also resorted to disrupting supply chains to artificially induce scarcity, despite continuous production at normal or commensurable rates. Consequently, several vital commodities experienced excessive price rises that cannot be justified based on production cost transitions, resulting in artificially high levels (Williges, et al., 2022).

Even as restrictions eased, the average cost of producing many goods had settled into a new normal and the price of many products remained elevated. Most manufacturers had resumed pre-pandemic production levels by 2023 but essential products were still being sold at much higher prices than before COVID. The fact that prices are artificially high despite production normalization is a red flag for the sustainability of the current market organization and the lack of proper regulatory rules. The brokenness of existing economies is also challenged, as these economies were unable to protect against such exploitation in a time of global crisis (Katsampoxakis, et al., 2022).

That essential items are still high priced at the time manufacturing is getting back to normal speaks volumes about how market systems are organized on a global scale. The involvement of market intermediaries and the contortion of prices and supply manufactured by them contrived shortages remind us that we must urgently review the domain of regulation. This paper questions the motives and causes of price manipulating practices undertaken by intermediaries in the markets and discusses the need for a global regime to stem the flow of such market abuses. The absence of proper regulation at the global level during and post pandemic highlights the need for a more disciplined approach to trade and pricing that is transparent, and just and is also accountable especially during time of global emergency.

This paper also explores possible solutions in terms of the proposal to establish a worldwide regulatory system under the World Trade Organization (WTO) in order to regulate profiteering during times of crisis. The framework would work to establish standard pricing based on manufacturing costs, prevent hoarding, and promote visibility throughout the supply chain. By studying the conduct of market intermediaries and the regulation loopholes that facilitated their survival in pandemic disorder, this paper will also contribute to the current debate about how to reshape the world economy in order to counter future price manipulations and guarantee that global market will be more equitable and stable through global crisis (Ftiti, et al., 2020).

PURPOSE OF THE RESEARCH

This study aims to provide a critical analysis of the effect of the COVID-19 pandemic on global markets and, specifically, to demonstrate how market intermediaries, such as wholesalers, distributors, logistics providers, took advantage of the crisis to manipulate prices. This study investigates what have been the driving sources behind the continued price-inflated behavior even after the manufacturing capacity and Logistic supply chain considerably consolidated. Research aims by examining the intermediation leading to the inflation of artificial prices, the article conducts its research with the objective of making a plea for the regulation of the political economy of the global trade order. Namely, it recommends the establishment of a "Global Price Stabilization Framework (GPSF)" within the World Trade Organization (WTO) to police pricing practices, prohibit profiteering, and promote a more transparent and equitable international system of supply. The purpose of the study is to contribute to the current discourse on how global economic systems can be reorganized to reduce the likelihood of exploitation in times of crisis and to foster more transformative, ethical, resilient and fair market practices (Basdekis, et al., 2022).

COVID-19 AND THE RISE OF OPPORTUNISTIC MIDDLEMEN

At the beginning of the COVID-19 pandemic, industries had never faced such disruptions across the globe. The pandemic created a chain reaction of obstacles that built upon one another and decimated industrial capacity worldwide. In the name of slowing down the spread of the virus, governments across the globe issued a series of tight lockdown and health protocols with considerable workforce immobilization. This led to increased levels of plant closures or partial production stoppage, making it harder and harder for factories to operate at full tilt. The sudden halt of those production lines caused ripple effect on the world economy, preventing factories to produce many essential goods, both of equipment and consumable products (Tissaoui, et al., 2022).

And to make things worse, raw material availability had been exceptions due to the shortage of labor force. The impact of the pandemic on the supply chain has been particularly pronounced because of disrupted global supply chains, diminished transportation capacity and decreased cross-border trade. The disturbances heavily impeded the supply of raw materials required for production, which in turn impacted production of important items. For example, businesses that used just-in-time supply systems were especially susceptible, as delays in the delivery of essential supplies caused many lines to come to a grinding halt. With the imposition of lockdowns, travel bans, and export freezes by countries, industries were now burdened with transportation restrictions and lack of access to raw material from foreign suppliers (Shehzad, et al., 2020).

This was compounded by transportation bottlenecks. Even as production started to come back up in some areas, the global web of logistics could not operate as effectively as it once did pre-pandemic. Delayed transit of goods, closed ports, and slower shipping speeds resulted in a disintegration of supply chain. Both the intra-country distribution of critical cargoes and the cross-country movement, Ports, as major international trade gateways were seriously congested due to poor capacity in shipping operations resulting in the inability of products to reach their locations on time (Jain, & Biswal, 2016).

Interpreting the two as one, there is something of a perfect storm of disruption in the world of manufacturing. Increased demand for essential goods including medical supplies, hand sanitizers, packaged food and electronics led to consumers stockpiling products and governments fighting to secure enough supplies. As a result, with manufacturers unable to keep up with this surge in demand, a gaping hole was left in the supply chain, leaving crucial supplies behind. In such a situation of shortage, market intermediaries such as traders, wholesalers, distributors and speculators took advantage of the disruption (Albulescu, et al., 2019).

With global output slowing or coming to a halt, middlemen have become the middlemen of supply, filling the void between supply and demand. They could control the transfer of goods, hoard the goods necessary for life and refuse to distribute them, in order to make scarcity where none need have existed. This empowered them to charge more for their products and boost their margins, capitalizing on surging demand and dwindling supplies of items. What initially could have been a temporary break in a chain of supply turned into a long-running exercise of profiteering by these brokers that had used the created uncertainty by the pandemic to jack up prices in excess of any reasonable basis from any actual production cost (Basher, et al., 2012).

So instead of alleviating supply problems, the intermediaries, in many cases, made them worse, by limiting access to what people needed, jacking up prices artificially, looting the system and doing fictional work. Consequently, though the manufacturing sector was slowly coming back to pre-pandemic levels of production, the prices of goods remained inflated because of the maneuverings of these profiteering middlemen. They contributed to creating the cycle of intense economic instability that afflicted many industries, such as healthcare (where basic supplies became too expensive for many consumers and governments) (Cunado & de Gracia, 2014).

What has been shown clearly are weaknesses in the global economic system with the emergence of opportunistic middlemen during the COVID-19 pandemic taking advantages of shortages by manipulating prices. Such actions have fueled a reconsideration of how trade and supply chains at a global level should be treated so that future manipulations during emergencies would not be possible (Ma et al., 2019).

ROLE AND EXPLOITATION BY MARKET INTERMEDIARIES

In the beginning of the COVID-19, many manufacturers struggled to keep their production lines running, keeping up with deliveries. Widespread labor disturbances, a raw material squeeze, and transportation bottlenecks seriously impeded their ability to generate goods as quickly as they had before the pandemic. In this light, middlemen _ wholesalers, distributors, logistics service providers _ play a crucial role in ensuring that the supply chain holds up from producers to consumers. These intermediaries, at a first stage, were decisive in facilitating interaction between supply and demand, and the flow of goods to the areas where they were more urgently needed, given volatile productive capacities (Dahl, et al., 2020).

But as the pandemic progressed and supply chain snags persisted, many of these intermediaries started taking advantage of the crisis for personal profit. Instead of helping to stabilize the market, they would tend to exacerbate shortages and generate an overall impression of economic disarray. Such intermediaries made money at the expense of the crisis, not because they had a sincere interest in preventing a disruption to the supply chain, but because they were seeking to capitalize on market and price instability caused by the pandemic. They did not help and in fact contributed in aggravating the crisis as fears among the masses heightened as people found it difficult to purchase necessary items (Tiwari, et al., 2022).

HOARDING OF GOODS

One of the worst types of abuse perpetrated by intermediaries in the market place was usury. Fearing protracted shortages and ballooning demand, many distributors rushed to stockpile key products, especially those in high demand, such as medical supplies, cleaning equipment, packaged food, and pharmaceuticals. But these stockpiles were not designed to pined current levels of consumer demand, instead to temporarily withhold goods from the market. This was aimed at creating an illusion of shortage to leave the intermediaries in a position to sell the goods at a later time at hugely inflated prices (Yun, & Yoon, 2019).

This was a calculated market distortion because when you have suppliers artificially limiting supply (by hiding it), then the markets naturally behave as if the supplies are relatively scarce. This in turn caused a panic among customers, who stockpiled the products for fear that they would soon be in short supply. These behaviors led to even more distorted market dynamics as drivers of economic activity forced consumers to react in an irrational manner and often with added urgency in regard to life-critical products. Not only did the hoarding practices lead to the price volatility but also created heightened fear among the public, which eroded the confidence on the supply chain to satisfy demand (Lee, & Zeng, 2011).

CREATING ARTIFICIAL SCARCITY

Although factories were gradually being brought back online and supply-chain systems were gradually recovering, many wholesalers were still restricting goods. These middlemen had managed, through shrewd manipulation of the distribution process and by releasing carloads to dealers slowly, to create the impression among the buying public that there was a constant need for cars—a situation known as “chronic conditions of scarcity”— because none were available. Instead of meaning to have stock to meet needs, intermediaries often broke the levels of stock and/or distributed it unevenly, creating the impression that stocks were still in short supply (Edelstein, & Kilian, 2009).

This scarcity was a form of artificial control and designed to keep buyers in a perpetual state of panic and prices artificially high. It was a calculated move to stoke demand, by artificially suppressing the supply, and thus not letting the prices drop even when production returned to more normal levels. The cycle of these intermediaries were supported - consumers continued to experience inflated prices for the continued illusion of scarcity and businesses had a hard time to get back on the ground to counter these continued manipulations. This, in turn, impeded the overall recovery of the economy, making it prohibitively expensive for the most essential products to flow to the people in the houses and the businesses that needed them most to be productive (Giannos, et al., 2022).

PRICE INFLATION BEYOND JUSTIFIED MARGINS

In addition to hoarding and causing artificial shortages, a lot of intermediaries resorted to any price inflation pitch they could think of. With supply chains breaking down, and demand skyrocketing for everything from key supplies (particularly in areas like health care) to toilet paper, middlemen took advantage of the opportunity to mark prices up far more than the actual cost of production would allow. Products like face masks, medical gloves, disinfectants and oxygen cylinders had price increases that were, in some cases, multiples of what the products cost before the pandemic. Although initial price increases could be, to an extent, reasonable in terms of supply disruptions and higher expenses, in many cases intermediaries capitalized more than necessary on prices without there being room for proportionate adjustments, given the relatively stable production costs (Delardas, et al., 2022).

This price gouging was especially apparent in the market for healthcare products, as the pressing nature of the demand for masks and medical equipment caused consumers to become more willing to pay higher prices. Hospitals, clinics and governments, needing to secure the supplies required to fight the pandemic, had no choice but to buy at these inflated costs, passing the financial burden on to taxpayers or straining lean budgets. What transpired was a case where lower- and mid-income families felt the brunt of skyrocketing prices, and the basic goods they used to be able to buy were now out of their financial capability (Lee, et al., 2022).

IMPACT ON POST-PANDEMIC INFLATION

Meanwhile, the initial impact of Covid-19 diminished, and supply chains returned to regular, making it clear that the medical devastation was caused by excesses of intermediaries in the market. Much of the post-pandemic inflation, particularly in critical industries such as healthcare, food, and household goods, has not been due to higher production costs or fallow production lines, but to the distorted supply and demand realities created by intervention. The behaviors of intermediaries' hoarding, supply restriction, and increase in price resulted in the long duration of inflation that lasted even after production resumed to its natural level (Basdekis, et al., 2022).

These price hikes were not motivated by the costs of production and distribution, but rather by a speculative logic on the part of intermediaries, who saw the crisis as an opportunity to boost their profits. However, even with production back in full swing and international supply chains returning to normal, the aftermath of these exploitative antics was felt by consumers everywhere. The durable nature of these very high prices exposed shortcomings in regulation of the wider global market, especially in response to crisis. It also highlighted ethical corporate responsibility focused on protecting consumers and market integrity to prevent excessive profits in the short term (Bui et al.

The extent to which these kinds of exploitative activities can have long-lasting effects has demonstrated a need for overhauls in international trade and how markets are manipulated in times of crisis. The COVID-19 pandemic has been a stark reminder of the degree to which market intermediaries may misuse vulnerability in times of upheaval to achieve systemic inflation in ways that are a hardship for consumers. Such practices have revealed that, in the absence of regulation, the unfettered behavior of market intermediaries can hinder recovery and deepen inequality at the time of global crisis (Wu, et al., 2020).

POST-COVID PRICING ANOMALY: MANUFACTURING VS. MARKET PRICES

Two years later, field based market insights show that by 2023, most manufacturers were able to bring back their production at pre-Covid level. Yet even as supply capabilities have recovered, consumer pricing of a wide array of goods has stayed stubbornly high. This is an odd pricing anomaly because if anything, standard economics would predict that once supply gets back to pre-pandemic levels, prices should either stabilize or fall. This sustained increase in prices is out of the norm, and indicates that the reason for higher prices is not due to normal supply and demand factors. It instead indicates a more intricate combination of market effects, as a number of such effects induced by continued factors whose impacts will endure well beyond the immediate ripples of the pandemic (Gulzhazira, et al., 2021).

NORMALIZED HIGH EXPECTATIONS AMONG RETAILERS AND DISTRIBUTORS

Normalization of pricing the normalization of abnormal price points is a direct byproduct of post-pandemic supply chain pricing anomaly where retailers and distributors have been selling and bidding for products at inflated price points. "As businesses adapted rapidly to the new operating environment, many felt the need to change their pricing strategy in response to increased operating costs, supply chain interruptions and product shortages during the pandemic." During the peak of the crisis, businesses grappled with record hikes in the price of input goods, transportation and labor shortages. In order to remain operational, many firms raised their prices in response to these resource constraints, transferring the extra costs to consumers (Cheng, et al., 2021).

But as production returned and supply chains started to heal, instead of dropping prices back to where they were before the pandemic, many retailers and distributors held on to the higher costs. Those higher prices, in turn, entrenched themselves as the "new normal." After the pandemic, companies started to explain the price increases, with global markets still uncertain, potential for future interruptions and the volatility involved in supply chains. Consequently, then temporary price increases, which were due to crisis conditions have now become firmly embedded in the market as businesses attempt to protect, or even improve, profit margins (Singh, et al., 2023).

This heightened sense of what makes for a "normal" price is also related to changes in what consumers expect. Amid the pandemic, many consumers grew accustomed to paying more for goods, particularly as they confronted shortages and long delays in getting orders delivered. Merchants believed that consumers accepted these higher prices, and in most instances, they made their purchases at the elevated prices with relatively little resistance. This change in consumer behaviour had made it easier for companies to maintain higher prices, as less resistance was met from consumers who had already "normalised" expectations of what prices "should" be (Singh, et al., 2023).

The prices of numerous goods — everything from food and household products to electronics and clothing — have stayed higher than they were before the pandemic as a result of this normalization. This price inertia has the effect that, even as the production costs of goods have returned to normal, and even though there is no further rise in what the market will pay, consumers are still being asked to pay crisis-era inflated prices. Their persistence even after production has reached equilibrium symbolizes a wider phenomenon in which the dynamics of profits and market psychology have exacerbated a pricing structure not necessarily related to the grounded cost of production (Sharma et al., 2021).

Moreover, the higher prices are often presented as an ethical decision companies are making in the midst of ongoing risks-including the future possibility of supply chain disruptions, or ambiguity about raw material costs. While these might be issues, they have served as an excuse by business to extract inordinately high excess profits without thinking about the economic implications of this type of pricing behavior. This pricing discrepancy indicates a move from a reactive pricing policy, responding directly to crisis, to a more pro-active pricing policy, based on forecasts of market situation and profit maximization. In conclusion, the continuation of higher prices after the pandemic can largely be explained by the anchoring of high price expectations into the retail and distribution channels. Businesses, which adapted to higher pricing levels during the pandemic, have held in place those heightened prices even as production and supply chains have healed. This is an example of how markets once conditioned to crisis pricing can become sticky for the long-term resulting in inflationary forces not based on actual production costs or general market dynamics (Wu, et al., 2020).

REDUCED MARKET COMPETITION FOLLOWING COVID-19

COVID-19 posed an economic disruption that hit smaller manufacturers and local suppliers particularly hard; many manufacturers could not weather sustained closures, decreased demand, and severe logistical complexities. Many of these smaller businesses – already running on narrower margins and less padding between disaster and sustainability – just couldn't withstand the economic consequences wrought by the crisis. As a consequence many were obliged to close their doors for good or drastically reduce activity. The disappearance of these small growers in the market resulted in a significant consolidation of power among larger corporations and suppliers (Tissaoui, et al., 2022).

This market share consolidation created less competition, and as a consequence, it was much less difficult for those firms with a dominant position set prices with the kind of gentle downward push that implies less competitive outcomes. With no alternative or competition from smaller suppliers, larger firms were then relatively freer to set prices where best suited their profit ambitions. This actual decrease in competitive markets led to a situation where consumers had less alternatives, so it really wasn't a situation where consumers would cost drivers downwards (Shehzad, et al., 2020).

The disappearing market competition resulted in the ability of the largest corporations to hold higher price points with immunity from the normal economic pressures that would otherwise have forced them downwards. They did so in part because with the economy recovering and supply chains getting back to normal, there were no easy alternative sources for goods, leaving consumers with little choice and businesses little risk of losing sales if they continued charging inflated prices. In other words, the consolidation of power into fewer, larger hands in response to the pandemic has allowed for the manipulation of higher prices, which has in turn exacerbated post-pandemic inflationary conditions (Edelstein, & Kilian, 2009).

CONCENTRATION OF WORLD SUPPLY CHAINS

What is also driving the continued inflationary pressure in post-pandemic economy is the growing centralization of the global supply chains. The pandemic revealed the weaknesses of supply chains that are decentralized, especially for products that depend on complicated cross-border logistics. In reaction, large intermediaries—multinational logistics companies and mega-distributors, among others—have secured control over larger and larger portions of the worldwide supply chain. Consequently, these giants of industry have been able to effectively shift the balance of power on price floors in favor of entire product classes in many areas, ranging from raw materials to finished products (Delardas, et al., 2022).

The supremacy of the larger intermediaries has taken the system out of kilter so that smaller, localized operators are unable to impinge upon prices. Less independent operators in the 'control' of crucial parts of the supply chain meant that the market was also less equipped to react to changes in production costs or when demanded ebbed or flowed. The centralized hierarchal nature of control ensures price rises are more easily passed on throughout the distribution chain, as a result of less competition from larger scale forces in the supply chain being able to set prices at artificially high price points (Giannos, et al., 2022).

And focus on supply chains has led to a market structure that makes it easier for a few big guys to keep control of pricing. Though those firms can point to the necessity of charging more to compensate for supply chain risks or disruptions, the lack of competition means they also have less pressure to cut prices once supply chains are up and running again. This change in centralization of control and decreased competitive forces has helped to provide a more inelastic price environment and has removed the natural downward price pressure that would typically appear in a more competitive, diversified market place (Yun, & Yoon, 2019).

SHIFT IN CONSUMER BEHAVIOR AND REDUCED PRICE SENSITIVITY

Together with the structural state of the supply chain and the declining competition in the market, there have also been huge changes in consumer behavior due to the elongated economic crisis following sweeping lockdowns. At the height of the pandemic, consumers found themselves making compromises on price for essential goods such as medical supplies and household goods, where shortfalls and supply disruptions unfortunately occurred. consumers got habituated to paying higher prices and developed low price sensitivity (Jain, & Biswal, 2016).

The change in consumer habits has permanently altered the economy. Demand still stayed strong, even as supply chains started to steady and production capacities recovered, with customers' readiness to pay higher prices undiminished. This adjustment to more expensive prices has in effect blunted the classic market forces that otherwise would rein in unreasonable price hikes. Organizations have also recognized that justified permanent price sustainability has been possible since consumers have become more accommodating to these higher prices without experiencing major reactions or decline in demand (Albulescu, et al., 2019).

The lack of price-elasticity indicates that companies can keep their price high and customers will accept it or purchase anyway. That's only added to the persistence of elevated prices in many areas, where businesses have discovered they could hold the line on price, or even increase it, without losing customers. Consumers' continued willingness to accept higher price have allowed firms to keep prices high in spite of improvement in production and supply chain (Tiwari, et al., 2022).

ARTIFICIAL MAINTENANCE OF AN INFLATIONARY ENVIRONMENT

All of these factors combined seem to point to the inflationary environment we're seeing post-COVID is hardly all natural market pricing. Rather, it is being propped up artificially by a variety of business tactics, such as decreased competition, centralized control of supply lines and changing consumer behavior. Even though production costs and supply capacity of prices are close to pre-pandemic ones, pricing structures that firms have adjusted have been higher because such impacts are sustained (Ma et al., 2019).

The persistence of inflation in the market cannot be attributed solely to variation in the cost of production or whatever else is determined outside it. Rather, they are indicative of a more general economic power map, where firms that have adjusted to higher price points in the pandemic are able to largely sustain those elevated prices, benefiting from reduced rivalry, the concentration of power over global supply chains, and consumer acceptance of higher prices (Dahl, et al., 2020).

Such prolonged inflation deserves renewed attention from policymakers, economists and regulators; it marks a split between the economics of actual production and the retail pricing mechanism. While as already mentioned, the economic logic of the increase in prices during the pandemic might be clear, the persistence of those high prices after the pandemic raises important questions about market fairness and competition, and the need for regulatory intervention to make sure that price gouging does not become an entrenched aspect of the post-pandemic economy (Basher et al., 2012).

WTO'S ROLE: THE NEED FOR A GLOBAL REGULATORY FRAMEWORK ON PRICING

WTO, which was set up for the purpose of facilitating a transparent and just global trade regime, is currently at a cross road. The WTO was always about tariff reduction and the settlement of disputes, the liberalization of trade policies. The evolved nature of international trade dynamics, compounded by crises such as the COVID-19 outbreak, has however exposed some major weaknesses in the international economic system. These frailties are most obvious in the ability of market intermediaries – traders, wholesalers and distributors – to play the market in times of stress, leading to hoarding and artificial price build-up. This concomitant abuse of global supply patterns also destabilizes whole economies, promoting lengthened inflation and disparities in accessibility to basic commodities (Basdekis et al., 2022).

Given such challenges, the WTO needs to evolve and broaden its responsibility by effectively regulating global price-setting practices — and to enforce principles of equity and transparency within supply chains. The pandemic exposed that market forces alone are not enough to limit unethical price gouging, particularly when middlemen take advantage of global disruptions to pocket money. If WTO is to continue its glory in this new environment, it needs to involve more in global pricing regulation and trading ethics, including during a crisis (Lee, & Zeng, 2011).

A GLOBAL PRICE STABILIZATION FRAMEWORK (GPSF)

To preserve against these contingencies and safeguard both producers and consumers against future such manipulations, we suggest an International Price Stabilization Framework for the world trading system, under the continuing leadership the mechanism of the WTO. This system would establish globally enforceable standards and monitoring mechanisms to prevent such exploitative pricing, to reward ethical trade practices, and to provide a greater degree of stability in the world markets in times of world crisis. The GPSF would be established to solve the basic problems of price inflation and market disruption, especially the man made types caused by intermediaries. The key elements of this framework are as follows:

MANUFACTURING-COST-BASED PRICING STANDARDS: A key feature of the GPSF would be the creation of cost-based pricing benchmarks. This will be determining acceptable price caps according to production inputs raw materials, labor, logistics, and fair profit margins. This provision would hope to restrict the freedom for unfettered price inflation, especially by middlemen who artificially inflated rates. Keeping final consumer prices close to the costs of production would be one way the GPSF would ensure that prices are not pumped too high (Basdekis, et al., 2022).

These price norms would also serve as a transparent reference for staff, consumers, and regulators to confirm that price increases reflect real cost changes, not speculative behavior or the pursuit of opportunities. The standards would enhance market predictability and clarity for producers and consumers regarding the pricing mechanisms, which is very important in developing trust in the fairness of global trade (Cheng, T., et al. 2021).

ANTI-HOARDING REGULATIONS

A related element of the GPSF would be anti-hoarding provisions targeting the hoarding of critical goods. Throughout the COVID-19 pandemic many middlemen were collecting the essential commodities in the hoard, causing an artificial crisis and price hike. To discipline such behavior in the future, the GPSF would impose compulsory restrictions on the accumulation of necessary stock beyond a certain threshold in terms of stock duration (Tissaoui, et al., 2022).

Such regulations would be imposed on wholesalers, traders and logistics companies who will have to hold only the stock that is required to keep the business running and sell off any surplus. By discouraging hoarding, the GPSF would potentially maintain an availability of staple goods and prevent price distortion in the market due to artificial shortages (Tissaoui, et al., 2022).

GLOBAL MARGIN TRANSPARENCY

The whole supply chain being open and accountable is essential in uncovering and dealing with these frauds on the consumer and retailers. To accomplish that, GPSF would require global margin transparency, forcing companies to disclose profit margins at each and every tier of the supply chain, from manufacturer to retailer. Such visibility would enable regulators to find excessive price increases or unreasonable markup at every distribution level (Katsampoxakis, et al., 2022).

Universal margin transparency would benefit consumers by letting them know how much they are paying for products at various points in the supply chain, and maybe prompting more reasonable pricing. It would also offer necessary information on government agencies and consumer protection organizations to follow the market and implement adherence to fair price policy (Katsampoxakis, et al., 2022).

PENALTIES FOR PROFITEERING

To enforce these new pricing rules, the WTO would have the authority to punish profiteering — defined as grossly raising prices without a similar jump for manufacturing or operational costs. This fine for violations would act as a deterrent for business firms and trading partners practicing unethical pricing behaviors (Bissoondoyal-Bheenick, et al., 2021). This punishment for war profiteering could be implemented in the form of fines imposed, trade restrictions, or even a cessation of WTO benefits until the appropriate steps are made. This would motivate companies to pursue fair pricing behaviour and to have the incentive to do so as a way to manage brand reputation, mindful of the commercial and reputational sanctions which would come with non-compliance (Bissoondoyal-Bheenick, et al., 2021).

INTERNATIONAL CONSUMER PROTECTION MECHANISM

GPSF will seek the creation of an international consumer protection mechanism to protect populations at risk from market manipulation, especially during a crisis. This procedure would enable customers to file a complaint, and report against any exploitation of this pricing and reservation (Shehzad et al, 2020). The agency would be responsible for investigating complaints of abuse; managing the response in member countries and making sure consumers are protected from unfair pricing steps. By providing an international avenue of consumer protection, the GPSF could make sure that the most vulnerable — those who will be hurt the most by price gouging in the midst of a global emergency — received help and redress.

A CALL FOR STRUCTURAL REFORM IN GLOBAL TRADE GOVERNANCE

The Covid-19 pandemic has demonstrated that the present setup of global trade can be manipulated for gain and profit, from crisis moments in particular. If the world is to be more resilient the next time there is a global shock — whether that's a health, environmental, or geopolitical one — the World Trade Organization must understand that achieving economic fairness goes beyond equalization of tariffs or trade openness. This demands the elimination of unethical market practices, which not only undermine economies, but affect consumers adversely (Ftiti, et al., 2020).

The establishment of a Global Price Stabilization Framework (GPSF) would be a radical and crucial step in creating a more crisis-resistant, transparent and equitable international trade system. Binding pricing norms, transparency norms, anti-hoarding norms, and profiteering penalties, could create opportunities for the WTO to check exploitative practices, restore the confidence of stakeholders, and stabilize international markets during crises. This would be instrumental in preventing market distortions and unfair pricing in the event of future global crises, and all in all in the growth of a more fair and ethical global economic system (Ftiti, et al., 2020).

CAPITALISM VS. COMMUNISM: WHO WILL PREVAIL IN THE POST-COVID WORLD?

The pandemic has re-energized debate over which economic system — capitalism or communism (or socialism) — is better suited for future global challenges.

Capitalism	Communism/Socialism
Promotes innovation and competition.	Emphasizes equity and universal access.
However, unchecked greed led to opportunistic hoarding during COVID.	Centralized control could mitigate hoarding but risks inefficiency and lack of innovation.
Highly adaptive to market changes.	Potentially more resilient to global crises through centralized planning.

OBSERVATIONS POST-COVID: ECONOMIC SYSTEMS UNDER STRESS

The COVID-19 pandemic was a stress test for economic models worldwide, revealing key strengths and weaknesses in varied governance and market regulation models. The pandemic not only tested public health infrastructure, but also exposed a fundamental vulnerability in the design of the economic response when it comes to the management of broad-based emergencies (Ftiti, et al., 2020).

WEAKNESSES OF PURE CAPITALIST SYSTEMS

In those capitalist systems where market forces function largely without interference from the state, (as in the US), the pandemic revealed a host of problems, in particular around more equitable resource distribution. Extreme instantaneous supply and demand price movements, hoarding, and delays in access to essential commodities were observed as a result of lack of centralized control on supply and demand. In several instances, the privatised healthcare systems were unable to cope and government interventions were reactionary as opposed to anticipatory. The crisis reminded us of the potential of unsustainable profit-driven models, unrestrained to wreck social welfare in moments of social need (Delardas et al., 2022).

RESILIENCE OF HYBRID ECONOMIC MODELS

Countries with strong social protection systems such as Germany, South Korea and the Nordic countries were able to keep their supply chains relatively stable, assure timely distribution of medical equipment, and protect workers who lost their jobs or were temporarily laid off. At the heart of such economies were robust institutions, accountable governance and closely-knit public-private sector partnerships. Their attention to reconcile market efficiency with social responsibility contributed to soften the human and economic toll of the crisis (Giannos, et al., 2022).

CENTRALIZED CONTROL IN COMMUNIST ECONOMIES

Their centralized leadership permitted the quick deployment of resources and strict oversight to ensure the continuity of the supply chain. But those strong points were offset by forceful weaknesses—most important, limited transparency, information repression and censorship of vital health data in the early days of the outbreak. Although they could maintain stability, the fact that these governments typically worked with a top-down approach led them swaying away from the transparency and accountability that were essential when building trust in the population and internationally (Giannos, et al., 2022).

CONCLUSION: RETHINKING ECONOMIC RESILIENCE

A new idea that the post-COVID world could renew is to question what economic resilience really should mean in the era of global crises. Both pure capitalism and centralized communism were not entirely successful separately. The most successful answers came from mixed economies that married market dynamism with state-supported social protections and institutional transparency. From now on, the question that decision-makers should be asking themselves is which policies will be better to ensure development not only in a normal period, but in a more equitable, coordinated and resilient way among global dislocations (Edelstein, & Kilian,et al., 2009).

CONCLUSION

The COVID-19 pandemic revealed the structural weaknesses of the global economic model—above all else, the outsized role of intermediaries in producing artificial scarcity and price inflation. While production and supply chains have re-opened to near-state levels following the pandemic, consumer prices remain inflated, not by market forces but by calculated profiteering. Such continued inflation erodes consumer faith, drags on economic recovery and increases inequality both between and within countries.

The World Trade Organization, however, should be more proactive and responsible in controlling global pricing mechanisms to remedy these concerns. It is time to develop a global protocol for price transparency, margin control and hoarding regulations in the global marketplace not to allow such opportunities for exploitation that the world witnessed during the pandemic. Without such structural guidance, future crises—be they epidemiological, environmental, or geopolitical— will almost certainly provoke similar patterns of opportunistic behavior, with harmful consequences for global stability.

Meanwhile, national economies will have to revisit the balance of market freedom and state intervention. Raw market capitalism, being most efficient in periods of steady state, fails to incorporate the protective buffers necessary during systemic crises. In contrast to that, centralized command economies do have the ability to mobilize resources quickly, but generally lag behind in transparency and innovation. “Pandemic’s clear lesson: The most resilient economies combine ruthless capitalist dynamism with activist regulatory and social welfare systems.”

Indeed, the way forward is not to opt between capitalism and communism but to establish a hybrid model — a capitalist system that is regulated with equitable measures, and globally coordinated. Such would entail a model that would provide the freedom offered markets, the defense provided by a public commons, and regulation that would monitor exploitation. This transformation is not just desirable; it is crucial for a fairer, more stable and crisis-resilient world economy.

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