



Marjan SVETLIČIČ*

LESSONS OF THE NEW INTERNATIONAL ECONOMIC ORDER FOR THE CONTEMPORARY WORLD ECONOMY¹

Abstract. *Although the new international economic order (NIEO) has mostly been assessed as a failure, its ideas still seem relevant in today's crisis environment. The new context clearly shows that the existing liberal international order is ineffective and calls for deep changes like in the times of the developing countries' fight for the NIEO. The article considers whether its principles remain of relevance today, which ones have been amended and which should be newly introduced, all based on NIEO-related lessons. Dilemmas between international law or a rules-based order as a framework for global governance and whether the proposed new inclusive global economic order is to be based on values (and if so, which) are evaluated.*

Keywords: *new international economic order, new inclusive global economic order, rules-based order, values, principles, international law, global governance, lessons*

Introduction

The times when Truman's statement that the world can only be saved by "accepting the American system" (Ghali and Gošovič, 2011: 10) are gone. The power of the USA is weakening. "If the system is to survive, its weaknesses must be recognized and resolved, and it must adapt better and faster to the changing international situation" (Chatham House, 2015: 1). The existing liberal economic order or free-market capitalism is eroding because it has stimulated inequalities not only on the North-South axis but also in developed countries (DCs) themselves. The COVID pandemic and related environmental, climate and socio-economic crises have for decades

* Marjan Svetličič, PhD, Professor Emeritus, Faculty of Social Sciences, University of Ljubljana, Slovenia.

¹ The author acknowledges the financial support from the Slovenian Research Agency's research core funding No P5-017.

DOI: 10.51936/tip.59.2.411-442

revealed the accumulated contradictions of the anthropocentric development model. The world has not *flattened*. We have a new Cold War (Russia's invasion of Ukraine!) with the return of the division of spheres of interest (Monroe Doctrine). No end of ideology, but a return to history.

Today's world is in flux with a lot of *black* and *grey swans* (Taleb, 2010). Many people feel ignored, angry, dissatisfied and disoriented. "In country after country, populist leaders have arisen to exploit these resentments" (Brooks, 2022: 2). Political fundamentalism of all colours is on the rise. The situation resembles that in the late 1930s, the time of Hitler's rise. The unjust system of international economic relations in the 1970s initiated the struggle for the New International Economic Order (NIEO) whose main objective was to achieve a redistribution of power in the world economy, a matter that is also at stake today. The NIEO was spearheaded by the Non-Aligned and launched by developing countries (LDCs). Yet, serious discussion of this was only possible when the 'ideology' of interdependence, initiated by the West, started to be the dominant philosophy after oil prices quadrupled in 1973/1974. Developing countries were trying to find a way out of the vertical division of labour, the bipolar dependency in the Cold War, looking for alternative models for the world's political and economic organisation of multipolar interdependence. The Non-Aligned countries started to be an alternative to the bipolar division of the world and "the idea of NIEO as an organised response to the fundamentally altered international conditions" (Fabinc and Popović, 1988: 54).

Like then, the world economy is undergoing tectonic changes these days. The domination of the USA is waning, but it will remain a major player in the international economy as proclaimed by Biden's "America is back again". Power is starting to become more diffused. The tectonic changes are partly the result of the spectacular technological changes and globalisation (GLO) but also the unprecedented divergence in incomes that have changed capital-labour bargaining power in favour of capital.

The COVID-19 pandemic seems to be the last nail in the coffin of the world economic order as we know it. Everybody is now suffering. Under the pressure of the ever-deeper GLO, the rise of transnational actors and civil society, the old liberal order (LIO) of hegemonic domination, which nurtured inequality², endangering humanity, began to be inadequate for the new tasks. The capitalist system itself is becoming rigged and needs to be reset, despite having worked quite well for over seven decades.

Still, critics have yet to come up with an alternative proposal for a new, more effective order to address the fresh challenges. R. Higgott (2022)

² According to Brooks (2022: 2), global politics over the past few decades has functioned as a massive social inequality machine.

offers a prescriptive agenda for the coming post-pandemic age that recognises the changing powers of civil society, state and hybrid non-state actors. He outlines prospects and preconditions for effective inter-civilizational dialogue and proposes a series of minimal conditions for a multilateral 'reset'.

We have indeed reached what Acemoglu and Robinson (2012a) would call a 'critical junction' in institutional development. Such a turning point requires more than just simple fine-tuning of the existing rules, systems and structures. National governments have been looking for solutions more by renationalising sovereignty and along the way realised that nations are too small a space to find solutions, that international cooperation is necessary (e.g. vaccine development...). The pandemic might therefore prove to be a detonator bringing change and re-oxygenise us for changing mind-sets provided that we learn from this pandemic and the related crises, including now Russia's aggression against Ukraine.

Objective and research questions

The objective of this article is not to predict a new order but to see what can or should be done to overcome the mentioned crisis of the LIO and whether some lessons can be learned from the NIEO. Namely, how we can create a framework, a mind-set, to lead to the gradual creation of what we call a New Inclusive Global Economic (Political) Order (NIGEO), that is stable and more equitable.

While today the idea of the NIEO has been almost completely forgotten, the new context, which shares features with the NIEO era (see Svetličič, 2022), makes it worth looking at the major lessons from the NIEO and whether they are able to address the pressing problems in the current global economy/system. The NIEO, for instance, already placed significant emphasis on minimising the environmental impact of development, stressing the need to put an end to the waste of natural resources and prevent pollution going beyond strictly economic issues. Is the situation today comparable to the NIEO era when "its failure was the result of a deliberate and concerted strategy on the part of leaders in the North, compounded by strategic choices on the part of the South" (Gilman, 2015: 9)?

This article is based on historical analysis of the NIEO's development in the context of both the contemporary world economy and personal experiences.

The main research questions are:

- a. Are the major principles/norms of the NIEO still relevant?
- b. On which principles should the NIGEO be based?

- c. Should free trade and a level playing field remain the cornerstones of the new system?
- d. Is the world economy a public good or not?
- e. Which lessons can we draw from the NIEO for today's strategy?
- f. What is the optimal global governance framework for the new order?
- g. Is an evolutionary or a 'revolutionary' approach to realisation of the NIGEO better?
- h. Should the NIGEO be based on international law (IL) or be rules-based?
- i. Should the system be values-based?

The remainder of the article is organised as follows. Chapter 2 considers the major principles and characteristics of the NIEO. Chapter 3 presents the biggest lessons arising from the struggle for the NIEO. The fourth chapter elaborates on possible new principles of the NIGEO, addressing dilemmas raised by the research questions. The final chapter summarises the main conclusions.

The NIEO: major principles and characteristics

What was the NIEO?

414

The NIEO idea emerged in the second half of the 1970s. The idea would not have been so easily accepted had there been no oil crisis, and if the DCs had not been hurt so much by it. The greater bargaining power meant the very numerous LDCs (decolonisation) were in a position to demand fundamental changes to the international economic system.

This illustrates how closely demands for any more radical changes depend on the context. In the aftermath of the oil crisis and declining economic growth (1985–1992), support for the NIEO began to lose grounds. The NIEO principle of justice, both between and within nations, started to differentiate LDCs. In a period of the world economy seeing higher growth rates (1993–2005), the positive implications of more intensive integration into the world economy gained more attention. Inward-looking development strategies started to be substituted by the export-promoting strategies of many LDCs.

The NIEO was both a political and an economic concept. Perhaps it was more political because, according to Johnson (1976: 5), it was based on mercantilist ideas and, as a law of jungle, going against all principles of the economic order, or one might add, more voluntarist than realistic. Nobel laureate Myrdal concurs by claiming that the “NIEO was theoretically unrealistic failed distinguishing economic factors from non-economic factors” (1979: 32). While the NIEO was a political act, “calling for a sweeping transformation of the global economy” (McFarland, 2014: 1), it was not against economic principles. Inequality, as one result of the existing order, has namely

not only endangered the development of LDCs but also that of developed countries (DCs), signalling that such principles work against interests of humankind. Some even claimed that: “The NIEO represented a call for socialism among states” (Gilman, 2015: 3) because it wanted to reduce the power of the markets and enhance management of the global economy by governments and international organisations. However, “*the NIEO remained studiously agnostic about the proper form of internal organization of national economies, being quite amenable to capitalism within states*” (ibid.: 3). Its principles were also based on the “historic responsibilities” (colonial exploitation) of poor South, by the affluent North which was reputed by the DCs” (Elias, 1983).

The NIEO’s objective was to “empower the United Nations General Assembly as the legislative body for making binding IL, a utopian political project, global and totalizing in its ambitions for an alternative model for transnational economic integration” (Gilman, 2015: 2). One idea of the NIEO was to create new *IL on development*, which would do away with the distinction between binding rules and declarations.

Origin of the NIEO

The NIEO was completing the geopolitical process of decolonisation, the emancipation of the ‘global South’, with the objective of creating a democratic, fairer, win-win global order in the interest of all. The formal idea of the NIEO was put forward in the Algiers Conference of Non-Aligned countries in 1973. The UN responded by the Declaration and Programme of Action on the Establishment of a NIEO that was accepted by a consensus³ of the UN General Assembly at its Sixth Special Session on 1 May 1974 (Resolution 3201). UN members thereby “solemnly” proclaimed their “united determination to work urgently for the establishment of a NIEO based on equity, sovereign equality, interdependence, common interest and cooperation among all States, irrespective of their economic and social systems”.

Basic principles of the NIEO

The NIEO is a product of historical circumstances and challenges. The deteriorating position of LDCs was threatening their biological existence, necessitating immediate action. The main idea was to achieve a new framework for harmonious development not only on the basis of purely economic but also ethical-moral criteria, entailing the fundamental values of civilisation (NMEP, 1983: 482, 476, 486).

³ Although there were some reservations among certain DCs.

The NIEO Declaration was based on several core principles:

- a. the right of States to choose their own economic and social system on the basis of sovereign equality;
- b. the participatory equality of developing countries in international economic relations;
- c. common interest and broadest cooperation among all states, irrespective of their economic and social systems;
- d. a just and equitable relationship between the prices of raw materials, primary commodities and goods exported by developing countries, and goods imported by them (no-strings-attached technology transfers from North to South);
- e. permanent sovereignty over natural resources⁴ and economic activities free from external coercion, an absolute right of states to control the extraction and marketing of their domestic natural resources;
- f. preferential and non-reciprocal treatment for LDCs whenever possible;
- g. the right to nationalise foreign property and regulate the activities of 'transnational' corporations (TCs);
- h. the establishment and recognition of state-managed resource cartels to stabilise (and raise) commodity prices;
- i. the forgiveness of certain debts of South states; and
- j. LDCs' entitlement to development assistance and the transfer of financial resources and technology (based on Sacerdoti, 2015: 2, 3).

NIEO lessons

The NIEO is today almost entirely forgotten. Economic issues have generally been pushed into the background in the UN, overshadowed by other burning questions. Were the NIEO proposals unrealistic from the very beginning (see Craig, 2005) or doomed to fail (Gilman, 2015: 9)? Was it "the lack of political will among the DCs and insufficient flexibility of the LDCs" (see NMEP, 1983: 520)?

Indeed, very few NIEO demands have actually materialised. Perhaps the most important was the progress on the Convention on the Law of the Sea ratified by a large number of countries, which defined sea as the common property of humankind. »Developing countries got some trade preferences. The IMF created a trust fund to help LDCs by selling off a third of its gold holdings. The Common Fund for Commodities, as part of the Integral Programme for Raw Materials, entered into force in 1989. The Charter of Economic Rights and Duties of States (1974) was accepted (115 votes to

⁴ Now it can be amended by introducing global ecological criteria preventing the widespread attack on the Amazon by Bolsonaro, for instance.

6 against, 10 abstentions)⁵. The United Nations Sustainable Development Goals that all UN Member States have agreed to work towards achieving by the year 2030 may be regarded as implementation of the NIEO spirit, adjusted to modern times. Although the 2021 Official Development Assistance (ODA) has increased, it is still well below the UN target of 0.7% ODA to gross national income. The New World Information and Communication Order grew out of the NIEO to make global media representation more equitable. Published in 1980, the MacBride Report received considerable support, but the Reagan Administration opposed it and withdrew from UNESCO claiming that it does not serve the USA's interests.

This means the NIEO cannot be considered to be a total failure or wishful thinking. Paradoxically, one of the NIEO's key economic objectives – of improving the South's economic position in the global economy – has in fact been realised, albeit more due to bottom-up general economic development than a result of the programme itself. Whereas the advanced economies were producing 80% of global GDP at the time of the NIEO Declaration, by 2009 this share had fallen to 57%, while the leading economies of the South (emerging markets!!) had expanded their share to nearly 40% of total world GDP (Gilman, 2015: 10).

Consequently, it might be more appropriate to see the NIEO as an example of what Wenzel (2010) called *unfailure*, referring to the paradox that many seemingly failed political and social movements, even though they did not realise their ambitions in their own moment, often live on as prophetic visions, available as a model for future generations to articulate their own hopes and dreams. “Although the historically specific institutional demands of the NIEO during the 1970s went unrealized, one can make a credible case that the undead spirit of the NIEO continues to haunt international relations” (Arndt, 1987; in Gilman, 2015: 10). Slaughter's statement that a “new world order is already emerging” (2018) may today be even more true since private and governmental networks around the world and novelties regarding the social priorities, changes in values and attitudes, the role of governments and development model to stop degrading the environment are growing from the both the top and bottom. Awareness that we are all in the same boat is growing, yet there are no clear signs for how to navigate in such rough waters, who should be the captain(s?) and which map to follow. The pandemic has now revealed that government interventionism, not the markets, has been the only effective mechanism to at least contain the

⁵ Three issues were not acceptable to all countries: i) the right to nationalise, expropriate or transfer ownership of foreign property... (Art. 2, p. c); ii) the right to associate in organisations of primary commodity producers...

(Art. 5) and iii) the duty to co-operate in achieving adjustments in the prices of exports of developing countries in relation to prices of their imports (Art. 28).

pandemic as well as for trying to address other, even more serious, long-term crises (environment, climate...). Keynes has been rediscovered.

The roots of the non-implementation of major NIEO objectives could be:

- k. The whole idea, perceived by DCs as zero sum (LDCs winning and DCs losing), was not a good framework for fruitful negotiations.
- l. The NIEO programme was unrealistic, too global, too interventionist and too far reaching at that particular point in history.
- m. The LDCs were not well prepared for the negotiations, lacking in knowledge.
- n. The doom context, initially very conducive to changes, has since eroded the incentives for radical changes.
- o. The unity and cohesion of the LDCs has evaporated. Differentiation among LDCs, first among the oil-rich and other LDCs and then when it came to negotiating specific issues, looking after their individual national interests⁶, was underestimated.

The NIEO's *unfailure* was also an outcome of the strategy of the rich countries rejecting the idea that the developing countries' problems were the responsibility of the rich ones (Aggarwal and Weber, 2012). Nevertheless, the oil crisis of 1973/74, and upheavals in the international monetary system forced the DCs into dialogue with the LDCs. Later, the rich countries "started to believe that the LDCs had little or no power to push their position – and that what power they did have as a result of control of oil supplies could be countered and would fade" (Aggarwal and Weber, 2012: 2). Following the elections of Reagan and Thatcher (1980 and 1979, respectively), "the most common reaction, was neither uncompromising naysaying nor sympathetic accommodation but rather playing for time and accentuating divisions among the members of the G-77" (Berger, 2009; In: Gilman, 2015: 7). Neoliberal economists argued that the NIEO was a sheer fantasy, a proposal at odds with the basic laws of economics. They denied the desirability of any robust international governance of the global economy.

Exceptions were certain, mostly small, industrialised countries expressing some sympathy for LDCs' interests. West German chancellor Brandt, J. Tinbergen, O. Palme, B. Kreisky, and J. Pronk sought some compromises (see Brandt, 1980). Northern countries even proposed a mini NIEO, a kind of regional application of particular NIEO principles as a stepping stone to a global NIEO later (see Kiljunen, 1993).

The Latin American debt crisis in 1982 further weakened the position held by LDCs. "It was left to Reagan to deliver the final word at the Cancun Economic Summit in October 1981 that the United States would no longer discuss any changes to the global economic governance architecture"

⁶ *At the beginning of the negotiations, many of them were just not aware of their individual interests.*

(Goldstein, 1982; In: Gilman, 2015: 8). Offensive neo-conservatism or the neoliberal revolution was thus the final nail in the coffin of such initial readiness to discuss NIEO changes, also coinciding with the LDCs' shrinking interest in radical changes. It was based on the realisation that integrating into the existing world economy would help improve their position in the world economy as the Asian tigers (Korea, Taiwan) had done. LDCs domesticated certain ideas of the liberal market driven global order model.

After discovering that hyper GLO can also hurt the DCs' interests, and combined with the current pandemic and related crises, have made DCs, especially their diminishing middle class, believe that some more fundamental changes are required. In the NIEO era, it was LDCs pushing for reforms, but now everybody, including the DCs, is rethinking the current system. Perhaps DCs even more so given that the pandemic as an existential crisis has thus far hurt them even more strongly. Poor countries will be hurt more later due to the international community's failure to provide enough vaccines to them, as occurred with penicillin⁷ after the Second World War.

With such enhanced bargaining power of the LDCs:

the rejectionist stance of DCs that worked pretty well in the 1970s won't work this time (or now in 2022; added by SM). Instead, Western governments need to take the demands of emerging markets quite seriously /.../ they need to engage in substantive negotiations over the restructuring of the global economic agenda at a minimum, and possibly agree to significant reform of institutions as well./.../. If the 'West' pretends otherwise, the possibility that things could get much worse, up to and including a broad breakdown of institutional cooperation. (Aggarwal and Weber, 2012: 3)

The deepening of interdependence, the increasing risks of global value chains (GVCs) breaking down, and the global spread of both diseases and cybercrime have today made the VUCA world system more vulnerable. Social priorities have started to change in such a dramatically changed Zeitgeist, putting higher on the agenda existential issues like security, health, environmental and climate issues. The acknowledgement is gradually gaining ground that such problems can only be solved, at the same time as at least the major development problems of the LDCs are resolved, that the pandemic can be defeated only globally. Context has played a decisive role in detonating a rethinking of the existing policies, of a paradigm shift. This

⁷ Oxford University, which operationalised the Fleming invention, decided not to patent it but to share it with American manufacturing firms. Penicillin production was not confined to the West and so was able to save millions of lives. Several COVID vaccines have also been developed, most partly with massive public financing and should be global goods to benefit all of humanity also now (see Hoen, 2022).

is the key lesson. The context is like boiling water; it bubbles up, but when the water starts to boil beneath the lid there is a danger that *the lid will be blown off*. Initially, it was conducive for conceiving the idea of changing the international economic system, whereas later, with the global economic situation having improved, it became unfriendly to such radical changes, parallel to the eroding bargaining power of the LDCs.

The G-77 was at first quite coherent but after the oil crisis their unity and solidarity, although sometimes more rhetorical than real, began to fall apart. Instead of trying to change the system from the outside, they started to focus on changing the rules from within the capitalist LIO. The unity of the LDCs could not produce good results if it mainly referred to general and not very specific and technical issues. Better acknowledgement of the differences would improve the chances of success. However, the “G77 leadership feared that careful analysis would undermine the unity of the group” (Toye, 2014). Toye even believes that LDCs played the unity card too much by using the ‘all or nothing’ approach. One example was the failed Paris conference of selected LDCs and DCs on International Economic Cooperation (1975–1977) since the UN General Assembly did not confirm its conclusions.

Yet the West is also now not as united as before, while the position of socialist countries (SCs) towards the NIEO was more marginal in importance. They were “eager to present capitalist countries as those responsible for all the negative effects of North-South relations, thus intensifying the impression that the NIEO, was exclusively a matter concerning West-South relations” (Raffer, 1989). They, “verbally supported NIEO/.../but basically remained rather passive in such a support” (Fabinc and Popović, 1988: 55). Supporting those LDCs following a socialist path, they contributed to the disunity of the LDCs and the Non-Aligned countries.

The most important practical lesson from the NIEO is that a fundamental restructuring of the world order “requires careful preparation before actual negotiations begin. Frequently, particularly LDCs, have not been well prepared in the past as illustrated by the negotiations on the Code of conduct on TCs⁸ (and Transfer of Technology, added by SM). Their demands for the reforms have not been realistic enough” (Sauvant, 2017: 50). In order to make their demands viable, they must be based on sound scientific arguments. Such conclusions are also very relevant today. In today’s VUCA world, preparations are becoming even more important.

⁸ *In the words of the Chair of the Working Group of the United Nations Code of Conduct S. Niklasson: “Never launch an initiative of this complexity and magnitude without sufficiently long and thorough preparations. The exercise was mostly learning by doing for LDCs which lacked the knowledge and have not been sufficiently prepared for such complex negotiations. Many countries came to meetings of the Commission and the Working group having but the faintest idea of the practical issues to be tackled” (Sauvant, 2017: 50, 23).*

The political lesson is that there is *no one size fits all* solution, that multiple paths to the actual new system only seem viable due to the considerable heterogeneity among countries and their political systems. The global economic order is not free of ideology. Globalisation was, for instance, an extension of British naval power. The Bretton Woods system was an extension of US domination. Nowadays, any new order could probably not escape from the more powerful influence of China and a new configuration of power relations among other major powers (USA, EU, Japan, Russia) and their regional trading blocs dominating world trade. This broader context, especially the invasion of Ukraine, “is burying most of the basic assumptions that have underlain business thinking about the world for the past 40 years” (Brooks, 2022: 2). It will certainly bring about some changes to the ideological framework of the global system. China is not as offensive as the Soviet Union was in the post Second World War contest between *communism and capitalism* during the Cold War era, in exporting its ideology. Nevertheless, China might tacitly harbour an ambition to create a new world order, perhaps even in cooperation with Russia.

The present Cold War is not simply a political or economic conflict. “It’s a conflict about politics, economics, culture, status, psychology, morality and religion all at once. More specifically, it’s a rejection of Western ways of doing things by hundreds of millions of people along a wide array of fronts” (ibid.: 4). It is a competition between capitalism’s democracy and the autocratic state governance (Russia) and the hybrid capitalist Chinese economy with its autocratic political system. “Ukraine could be the first battleground in what turns out to be a long struggle between diametrically opposed political systems” (ibid.: 4). Let us be therefore humble: our ability to predict has eroded. It is not just the narrowly defined VUCA world. The unpredictable outcome of such a battle will bring about the ideological foundations of the new system. “It’s time to open our minds up to the possibility that the future may be very different from anything we expected” (ibid.: 5). Hopefully diplomacy will prevail over armed conflicts. China can be part of such a diplomatic solution, not the problem in this conflict, declaring formally a neutral attitude regarding Russia’s aggression against Ukraine.

Principles of the would-be New Inclusive Global Economic Order

Any new international order is a set of institutions, rules and principles that provide the framework, the *rules of the game*, to manage trade, investment, the movement of people, communication and, not least, the use of force to implement its norms. It must be inclusive, stable, sustainable and ensure benefits for all of its participants to humanise the system globally but also domestically. Inclusiveness calls for a participatory global governance

approach emphasising social and ecological interests. It would be an illusion to think that precise norms can be negotiated overnight. Therefore, Rodrik and Walt (2021: 3) suggest a “meta regime” as an open-ended framework of open-ended rules within which “individual states will have significant room to pursue their own interests and attend to their own needs”.

The existing liberal international order: deficiencies and lessons

A big problem of the existing capitalist LIO is that it has perpetuated and exacerbated the imbalances and inequalities, despite some GDP convergence on the North-South axis. The second is that the anthropocentric, egocentric profit-maximising consumerist development model started to be shared by political, economic and intellectual elites in almost every country in the world, which is one of the roots of the environmental and climate crises.

New principles

The NIEO's major goals and principles have not been lost over time. They could also be the basis of a new system in order to ensure peace and justice for both present and future generations. The contemporary crises have induced the need to introduce new principles like sustainability, the circular economy and thus a new development model that is friendly to people and nature and provides stability, social security and resilience. The rise of authoritarianism also reminds us of the importance of enhancing “democratic legitimacy” and “social justice”. These can only be materialised if principles of economic efficiency and moral-ethical criteria, each supporting the other, are built into any such new model in a mutually consistent way. The Nordic welfare state perhaps best illustrates the incorporation of such criteria in its system on a national basis. Is such a “hybrid system, combining the best of capitalism and authentic socialism and eliminating all of their major downsides” (Svetličič, 2021: 87) possible on the global level? Acemoglu et al. (2012b) question the possibility of the simultaneous existence of efficiency and social criteria. The problem is that “we cannot all be like the Scandinavians, because Scandinavian capitalism depends in part on the knowledge spill overs created by the more cutthroat American capitalism” (ibid.: 36). But is there an alternative when we are faced with such existential crises? It seems that in the long run the hybrid incorporation of both sets of principles in an evolutionary way is essential.

Disappointments with the consumerist winners-take-all development model leads to the first major new principles like moving beyond GDP as the main measure of progress by including broader criteria for the quality

of human life also by ensuring sustainability, safety, preserving the environment, health, education, and stopping or at least slowing down climate change. A new balance between economic and social sustainability and life satisfaction is needed in a new order, along with the principles of inclusivity, humanity, equity and fairness, social solidarity and inclusiveness to enhance welfare. In short, developing eco-centred development and transforming our endless growth maximisation worldview into sustainable development that allows both humans and the planet to thrive because the core limiting factor of human well-being is the unsustainable use of our natural resources.

Such a new balance implies equal access to all commons like resources, energy, safe food, water and sanitation, transport, infrastructure, health, education, R&D, or safety standards, suggesting the expansion of the public sector in these areas. All of these rights, including a clean environment, should be treated as fundamental human rights, as the *right to development* (1986 General Assembly Resolution 41/128). It is in such a way that the problem with the model of human rights as a revisionist model (being silent on global redistribution questions) is losing strength, viewing global poverty through the lens of humanitarian suffering (not structural inequality), even cynically advocating a causal relationship or even compatibility between human rights and neoliberalism (see Moyn, 2018).

The market mechanism cannot accommodate such new principles. Interventionism that not only corrects market failures is needed. The role of government is becoming indispensable, providing public goods, particularly health services, but also making the economy more resilient to crises (including pandemics or cybercrime). A new balance between the roles of the state and the markets in regulating economic and social life domestically and on the global level should be established, one that abolishes the vertical interrelation in which the market is on top and establishing a synergetic win-win relationship between them.

Inclusiveness is important because the poorest parts of populations are the biggest victims of the negative environmental externalities⁹, which will become much more frequent in the future if nothing is done to prevent them. Such uncertainties can only be reduced by an institutional environment which:

can anticipate and respond to future, uncertain shocks – whether pandemics, climate change, financial turbulence or something else we have not even thought of. This means both revealing and challenging the

⁹ On average, the world experiences welfare losses of 5%, but in the world's poorest regions as much as 15%. The effects of temperature on productivity are larger and asymmetric: a 1°C increase in local temperatures leads to a 15% decline in productivity in the warmest regions and a 10% increase in the coldest regions (Desmet and Hansberg, 2021).

structural conditions, power relations and political economic orders that create risks and vulnerabilities in the first place, while also accepting the need for flexible, contingent and negotiated responses in the face of uncertainty and context-specific complexity. (Solnit, 2009 and Klein, 2007; In: Leach et al., 2021: 9).

Major dilemmas

The world economy: a public good or not?

The world economy as a public good implies that “such a system benefits all, just like an atmosphere with low level of gas emissions” (Rodrik, 2011: 247) or defence against diseases, terrorism or environmental destruction. One cannot deny such a principle as the cornerstone of a new order. This also means that multilateralism would be the sole way of achieving and implementing it. The belief that “governance at the international level must rests on shared belief, cultural values, and common identity” (Gilpin and Gilpin, 2001: 402) is even stronger today due to the much deeper interdependence. Yet, the problem is to what extent are countries willing to sacrifice their national sovereignty, political/economic autonomy and the wealth of individual actors (individuals/companies) for the sake of a well-functioning international economy?

What is the optimal global governance framework for the new order?

According to Mearsheimer (In: Rodrik and Walt, 2021: 4), the international order is “an organized group of international institutions”, which the great powers devise and agree to follow. Such institutions are governed by formal authorities, also socialising new informal agreements¹⁰. Global governance explains how the global commons which need collective management are governed without global government. In a way, it entails a hybrid network of regulations by international organisations, national governments, and markets.

If and when a conflict emerges between real-life economic transactions and the institutions governing them, the need to change the institutions is eminent. The fact we have reached this is now beyond doubt. Existing institutions are incapable of resolving the conflict between the global character of problems and the still basically national scope of policies. For one, because enhanced interdependence has blurred the distinction between

¹⁰ *Shifts towards informal agreements suggest the perceived ineffectiveness of the existing architecture* (Volgty et al., 2009: 255).

national and global. According to Žižek (2021: 65), “ecological threats make it clear that the era of sovereign nation-states is approaching its end. A strong global agency is needed with the power to coordinate the necessary measures”. However, in the short term, nation states are not dead and we are still far from finding the right trade-off between what governments and what regional and international organisations should do.

To manage the chaotic relations in the world, global governance is surely needed, albeit not in all areas. Rodrik claims (2020) that global governance is required in the presence of: i) global public goods (GPGs, like control over carbon emissions...) and ii) in the case of the relatively few, beggar-thy-neighbour (BTN) policies by national governments (like optimum tariffs, international monopolies, trade balance mercantilism, pure tax havens) producing global inefficiencies. They “provide benefits at home only to the extent that they harm other countries” (ibid.: 6). On the other side, the case for global governance is weak when it comes to policies that are neither GPGs nor BTNs because they do not a) create global inefficiency or b) when they do so, it is the domestic economy that bears the direct economic costs.

“The problem however is how to define which of the policies producing spill over effects are to be regulated globally and which domestically” (ibid.: 11). Rodrik resolves such paradoxes by advocating democracy-enhancing global governance that directly targets potential domestic government’s failures defined as those which, contrary to GLO-enhancing governance, does not put global aims as the main priority overriding national interests but places national interests as priority number one. It would “include only those obligations that enhance domestic deliberations or are consistent with democratic delegation. /.../. Policies should be primarily designed locally, with global oversight restricted to procedural safeguards such as transparency, accountability, the use of scientific/economic evidence” (ibid.: 14, 3) and not imposed by international technocrats because they can be just as corrupt or affected by lobbyist as local ones.

Such national policies must be monitored by the authoritative global mechanism (similarly to what the WTO is doing in certain fields) in order to guarantee the transparency of decision-making by all domestic stakeholders and to prevent domestic policy failures, which in the past were a major source of global crisis and not the international rules. Rodrik thinks that scientific economic evidence can help to convince governments to implement such decisions. Govekar (2021: 5-7) doubts that such scientific evidence will be better in quality, less impartial, less under the influence of lobbyist or less corrupted. He thus reformulates democracy-enhancing global governance as *autonomy-enhancing* global governance. By including regulating policies that create negative distributional effects and global injustices like tax havens, the proposed *beggar-thy-class* policies would prevent a race

to the bottom, or *rat race competition* as some call it. Another objective of such regulation would be to put external constraints on national policies that enrich the domestic working class at the expense of the international working class (in Emmanuel's words: unequal exchange).

As the world economy has become much more interconnected and interdependent, one idea is perhaps to give rebirth to Keynes' idea of an international trade organisation (ITO) as a holistic, supranational organisation with considerable powers (teeth to assure enforcement) within the UN system to deal with the ever more comprehensive economic issues, while providing sufficient flexibility (policy autonomy) to member countries. The fact that all countries were supposed to have an equal voice was unacceptable to the USA. The now more interdependent and interdisciplinary character of the increasing number of issues is again making it attractive. First, because, like political elites in general, the existing international organisations have not proven to be effective in addressing contemporary problems and are hence negatively stereotyped in the public's eyes. These negative connotations mean it is better to create new institutions, delink them from the old ones, and address the new problems more effectively with wider popular support. Second, because now, in the eroding of Pax Americana other countries would have a bigger voice in designing the new institutional setup. Accordingly, the chances of something like an ITO could be higher. This would ideally also mean reducing the powers held by the UN Security Council and adding to the rights of the UN General Assembly, originally considered to be the main body of the UN and, finally, establishing a link between trade and development.

The most promising and realistic approach might be Rodrik and Walt's proposed meta regime for (re)constructing the world order consisting of four basic policies on which actions, communications, and negotiations among governments should be based (2021: 11-12):

- a. Illegitimate, prohibited actions that countries will not undertake.
- b. Policies on which agreement cannot be achieved (one country's action hurts another country) but positive sum, win-win solutions are possible.
- c. Autonomous action or response policies¹¹ where cooperative solutions are not possible to be allowed only if clearly linked to the damage caused by the other state, to mitigate its negative effects.
- d. Multilateral governance policies relate to actions when A's policies toward B have a significant spillover effect on C, D or others. It should be resolved by formal multilateral institutions following principles under a-c above.

¹¹ Should the differentiation be made between the reactions by democracies and a democratically transparent way or imposed by autocracies (author's comment)?

To be effective, countries should publicly commit themselves to these policies in advance, but not to any specific disposition. This would limit independent actions to “well calibrated” responses, clarifying the boundaries of permitted actions by all actors and thereby reducing the scope for misunderstanding and misperception (ibid.: 36).

An evolutionary or ‘revolutionary’ approach to realisation of the NIGEO?

The NIEO was conceived as a gradual and evolutionary process of pragmatic reforms in different areas based on the principle of the “obligatory cooperation of states in the economic, social and cultural areas and rational and equitable utilization of the common heritage of mankind” (NMEP, 1983: 516). Namely, it was realised that an NIEO cannot be imposed from above by decree but can only be the “result of a long process of consensus-building, confronting different interests and power relations” (Popović and Štajner, 1981: 63). The same evolutionary step-by-step approach should also apply to the NIGEO. This would imply the realisation of some new principles only in certain areas and even on a regional or like-minded-country basis as a stepping stone to a comprehensive new system. Regionalisation is already underway as a result of Russia’s aggression against Ukraine with a tendency for like-minded countries to create their own regional common markets.

Should the system’s principles be very precise or very general ?

The Bretton Woods system as, part of the UN system, left considerable space for national formal and informal institutional arrangements. The GATT regime (Art. XVIII) gave LDCs exemptions for quantitative restrictions or balance-of-payments purposes based on the infant industry argument. Later, the WTO regime mostly abolished such allowances and exceptions.

Given such vast differences among countries, in many respects it is unrealistic to expect the world to be able to define very precise principles and strict rules to be followed by all and governed by a set of international organisations sailing between a judicial or quasi-judicial role in arbitrating disputes between countries. Like in the case of IL, it is more realistic that the system be based only on some basic principles. The altered context of the global economy supports this second option, thus resembling what Rodrik (2011: 280) defines as a “thin layer of simple, transparent, and common-sense traffic rules” (as he has described it for GLO) with a lot of policy space for countries to adjust them to their specific needs. In other words, allowing the asymmetric protection of domestic industries for countries in catching-up stages, providing some opt-outs or exit clauses. “International economic policy has to be subservient to domestic policy objectives” (ibid.: 70).

Is free trade still the most important cornerstone of a new system?

Free-trade ideology (the market mechanism regulates everything) and governments are there only “to clean up disasters and to fix market failures, socialized risks but they should otherwise get out of the way” (Mazzucato, 2020) as the basis of the LIO have proved no longer adequate not simply because of the insufficient redistribution policies on the national and especially international levels. During the GR, and even more later in the pandemic, this was shown to be wrong. Governments were then the only effective mechanism for addressing the big challenges. Governments are, of course, not without sins and failures like inefficiency, slowness or corruption and related cronyism. There is a danger that such a stronger role of governments also gave rise to the authoritarians abusing this stronger government role also to erode democracy. This greater role is expected to also grow in the future and become one of the cornerstones of a new global system. The redistribution role should be implemented by national governments, and partly by regional and international institutions to neutralise the distributive effects.

Stöllinger (2021) suggests five new principles for conducting optimal trade policies.

1. All countries are entitled to choose their trade policy freely.
2. Tariffs must be applied in a non-discriminatory way (the most-favoured nation principle).
3. Transparency; all new measures implemented need to be notified to trading partners.
4. Trade policy measures must not only be transparent but also be notified some 4 to 5 years in advance to ensure predictability and rule out erratic trade policies that undermine a country's own interests and only serve vested interests.
5. Reciprocity; while any country is obliged to accept trade measures (properly notified) by partner countries, it is entitled to match any action taken by partner countries within the same tariff line. If such a matching is ineffective, countries can take recourse to the existing trade defence measures.

Is a level playing field still a reasonable and acceptable principle?

One cornerstone of the existing free trade system is the principle of a level playing field, meaning that all actors must follow the same rules without exception¹². It basically refers to the unequal position of LDCs. Such a

¹² The WTO principle of a single undertaking means that all countries had to sign up to all agreements. In the GATT, countries could pick and choose the agreements that they signed and many LDCs stayed out of agreements that they did not want.

principle of formal equality in fact manifests factual inequality when parties hold such an unequal starting position. It has been forgotten that the market economy is freezing the existing conditions: “strengthening equality where it exists but making inequality more marked where it is an all pervasive condition” (Kitamura, 1978: 347). It became evident that the “level playing field” principle is not acceptable¹³ if we wish to achieve the just and equitable development of all parts of the global economy, including the right to select one’s own model of socio-political development.

Should the new system be based on international law or be rules-based?

Any international order, regardless of its character, is composed of formal institutions (constitutions, laws, property rights) and informal institutions (sanctions, taboos, customs, traditions, codes of conduct). While formal rules can be altered overnight by the polity, informal ones change very slowly, with this especially applying to cultures and behaviours which are so deeply historically rooted that they cannot be changed so easily. Attempts to change the existing order must be aware of this complex duality of institutions in order to be successful.

The second, more theoretical dilemma in designing a new order is whether to base it on IL or if it is to be a rules-based order (RBO), “a vague description of how the world should work” (Scott, 2021). Still, the distinction between the two is unclear. For some, there is no difference, thus referring to both systems interchangeably. Supporters claim that international law is the ideal situation, a cornerstone for the new global system, because it is based on legally binding rules, even though they require the consent of each individual state. It is also based on more precise principles and written provisions, yet in a way is deliberately weak so as to allow countries to exercise their sovereignty when it clashes with IL. On the other hand, a RBO is more ambiguous, softer and without precise meaning, permitting strong powers to interpret it according to their own interests. It is based more on power than law.

For the German professor Talmon, rules-based order:

encompasses both traditional international law rules, and what is usually referred to as ‘soft law’,¹⁴ legally non-binding political commitments/.../

¹³ The reason being that competition between ‘unequals’ is unfair. In sports, juniors play in one league, seniors in another.

¹⁴ Although Hafner (in Griller, 2003) believes that »soft law on international economic relations has advantages over hard law, especially in terms of flexibility, adaptability, confidence building and reduced formal procedures«, it is also more political interests’ dependent, thus giving advantage to actors holding greater political clout. The power of soft law is also symbolic, gradually perhaps evolving into hard law.

made by both States and non-State actors. /.../ The term 'rules-based order' blurs the distinction between binding and nonbinding rules, giving the impression that all States and international actors are subject to this order, irrespective of whether or not they have consented to these rules. While international law is general and universal, the 'rules-based order' seems to allow for special rules in special – sui generis – cases. This is a dangerous development, because if an international order that bases itself on rules does not require consent to these rules, the question arises of who ultimately lays down these rules and determines their content. In practice, the 'rules-based order' seems to be an attempt to establish law-making by majority at the international level. /.../. While international law is based on the principle of sovereign equality of States, a 'rules-based order', detached from the requirement of consent, may become an order of the strong, or an order by dictate of the majority. (2019: 1)

When supporters of the RBO emphasise the rule of law, they forget the differentiation between the RBO and the rule of law. For the United Nations system, the rule of law is:

430

a principle of governance in which all persons, institutions and entities, public and private, including the State itself, are accountable to laws that are publicly promulgated, equally enforced and independently adjudicated, and which are consistent with international human rights norms and standards. It requires measures to ensure adherence to the principles of supremacy of the law, equality before the law, accountability to the law, fairness in the application of the law, separation of powers, participation in decision-making, legal certainty, avoidance of arbitrariness, and procedural and legal transparency. It means the implementation of the laws as hard law, the restriction of the arbitrary exercise of power by subordinating it to well-defined and established laws (UN).

The problem arises when laws are only followed when they suit one's interests or are interpreted by the strongest as to what the law is that the implementation of the decisions of courts would be under strong political/power influence like the decisions of the WTO dispute-settlement mechanism. The RBO is: *primarily defined by the chief patron of the system according to its national interests. It often implies acting in accordance with what the US regards as acceptable and in conformity with the rules recognised by Washington. (Zolinger, 2021)*

There is no problem if the RBO is interpreted only as the implementation of existing laws (the rule of law) and signed universal declarations (soft

law). If it is implemented solely where it suits based on the participants' power, it is not acceptable and IL is preferable, particularly since IL has in some areas become increasingly codified (trade, international criminal law). Yet, it is also quite loose and difficult to be implemented¹⁵ and hence not so different from the RBO. Solon (7th-6th C.B.C.) seems to be right when claiming that the "law is like spider's webs which, if anything small falls into them they ensnare it, but large things break through and escape" (Diogenes, 2015). Large countries frequently simply ignore the international rules or do not apply decisions made by international institutions if they damage their interests. There are also no effective mechanisms to also force small ones to follow IL (Latvia and minorities before entering the EU, Permanent Court of Arbitration's binding ruling in 2017 on the border between Slovenia and Croatia). LDCs are also used to distrusting IL, viewing it "as an instrument of exploitation and colonialism, because DCs insisted on the principle *pacta sunt servanda* of contracts signed in the conditions of inequality during the colonial period" (Popović and Štajner, 1981: 381, 377). Similarly, China has bad memories of its colonisers. Therefore, "states in the South should not be bound by legal agreements made under an illegitimate transnational legal regime" (Gilman, 2015: 4).

According to Chatham House (2015: 1-3), the RBO has three limitations. The first is the lack of legitimacy. For a system based on rules to have effect, these rules must be visibly observed by their principal and most powerful advocates. Second, the RBO must work to the advantage of the majority, and not a minority (equity problem). Third, it also lacks self-confidence. It was in some way the natural order of things, requiring only occasional repair and defence against particular challengers. These problems suggest that the rules must be revised to ensure that they remain relevant and support the idea of a new order.

A consequent issue is: Who are the potential initiators of changes to the world system? It is now becoming clear that no single power without the participation of non-state actors can write and enforce all of the rules in the global scene, whether it be the USA or China, as the most prominent other candidate.

The West has the opportunity to take the initiative, to decide now what sort of revised rules it would like to establish, and how far it is willing to take into account the interests of its rivals or alternatively to fight for its own priorities. If the leading Western powers do not take this

¹⁵ There is no world government and therefore institutions of global governance have limited power to enforce compliance. Russia's aggression against Ukraine is the best illustration of how IL (violation of human rights...) is no longer a reliable guarantee that states will follow.

opportunity – and at the moment, there is little sign that they will – there are now plenty of others who might. (ibid.: 3)

What if China took the opportunity? Would it behave generally differently than the USA or the West? Hitherto, China has been more a rule taker and a rules shaker than a rule maker. According to Hameiri and Jones (2018),

China tends to be more a revisionist that wants to change the current world order or a 'status quo', a country that wants to maintain the current LIO, than a revolutionist. It wants to increase its influence, change some rules and overall switch the international order that is now undermining its interests. /.../There is little reason to believe that China would act much differently from the US should it one day become the world's pre-eminent power and principal rules-maker.

That does not mean that China's dream could be the ambition to replace the USA's leadership in the global economy (Fan and Qianlin, 2017). The joint manifesto signed by Putin and Xi (February 2022) reflects a more assertive and ambitious China in terms of creating a new world order. Still, Walt (2021) claims that

China won't be able to take over the world. But such a position will give it a great deal of influence over the rules of the international system, because other states will be less willing to defy it openly and forced to adapt some of their practices to conform to Chinese preferences¹⁶/.../. The United States also had got most of what it wanted during the creation of the Bretton Woods system /.../ it still had to compromise on a number of issues, and frequently failed to get everything it wanted.

It was the US-led RBO, even though it mainly reflected the USA's values and interests, and was not a multilateral one.

To conclude: both systems have their advantages and disadvantages. International law seems more codified and perhaps less dependent on political influences than the RBO. Its advantage also includes uncoded soft elements, yet it is more power influenced. It is therefore wrong to be naïve, believing that the RBO provides more guarantees to smaller, less powerful states, which in the framework of the RBO rule of law will prevail.

¹⁶ In addition, because China is a much larger economy than the USA and it is so politically different.

Should the new system be values-based or not?

The rivalry between the USA and China, and hence between democracy and autocracy, has brought to the surface the very tough and slippery issue of the role played by values and morality in both international relations (see Oppenheim, 1998/1991) and economics. This “controversy in foreign affairs theory continues to be unsolved, until there is a pluralistic human society, representing a diversity of values and interests, their co-existence and rivalry” (Drobot, 2013: 190) and so long as imposing one’s moral principles on others is just a pretext for realising one’s imperialistic objectives. In practice, however, history offers plenty of examples of countries with different ideologies successfully cooperating because the benefits of the cooperation outweighed the impact of conflicts.

A “value system consists of ethical and moral principles that guide decisions made by individuals or organizations which define what is right or wrong” (Garcia, 2022: 1). Values-based international economic cooperation would mean aligning it with core human values like humanism, rationalism, secularism, democracy, and the rule of law or the six major values like “respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities” (Article 2, The Treaty on EU-TEU; see Horváthy, 2018: 6). “The problem is that these values are not universally accepted” (Brooks, 2022: 4). For the traditional realist school, the foreign policy is mostly amoral or conditionally moral, combining both in following their national interests depending on the specific context. In the extreme, everything is moral when realising national interests, which is a moral duty of states’ foreign policy. For Rawls (1971), morality is an unaffordable luxury, one that can only be indulged in small doses and at the margins. According to a more modern view, there should not be a serious problem in passing judgement on the behaviour of states because the same moral standards apply to them as to individuals. This makes it a moral duty for states to cooperate to realise common objectives when they do not jeopardise national interests in striving for global justice.

Concurring with this second interpretation, the question is whether there are such universal, one-size-fits-all values on which the new system is to be based. Are culture, religion and morality country-specific? Those contained in the United Nations Charter and the Universal Declaration of Human Rights like peace, non-violence, freedom, social progress, equal rights and human dignity may be called universal, while others coexist and compete with each other, including Western democracy. Increasingly, value should include economic and social rights, the right to education, to work (based on basic labour standards), housing, food sanitation, health, water, a healthy environment, and social security. All of these values have so far been pushed

into the shadows while standard human rights are in the forefront, showing that human rights are in flux (see EADI, 2022). Today's system is irreversibly tilted towards political and civil rights leaving social economic and cultural rights at the altar, stressing individual rights over collective ones.

It was idealistically expected that GLO would lead to the global convergence of values. Brooks (2022: 3) claims that after the Cold War "Western values came to dominate the world – through our movies, music, political conversation, social media". The corrosion of GLO started later, increasing cultural differences, frequently abused by populist politicians and authoritarians, threatening to be transformed into cultural wars. "People don't want to blend into a homogeneous global culture; they want to preserve their own kind, have a strong loyalty to their place and nation. /.../People are attached to their own cultural values, by their desire to fiercely defend their values when they seem to be under assault. For the past few decades, GLO has seemed to many people to be exactly this kind of assault" (Brooks, 2022: 3–4). Authoritarian rulers now routinely weaponise cultural differences, religious tensions and status resentments to mobilise supporters, attract allies and expand their own power.

It was expected that autocratic regimes like China would tilt in the direction of a liberal democracy after opening up, as Fukuyama predicted (1992, revised in 1994). However, democracy or other human values cannot be exported or imposed from the outside, based on the belief that one state's ethics are more important than another state's. They must grow from the inside, when the conditions are ripe. Such exporting of Western values on the assumption that they are the world's values¹⁷ has caused an abundance of woes for the colonised population in the past and today. Brzezinski (2009) is clear: "If democracy is imposed from the outside without genuinely historic roots, it is likely to become radical and populist and very susceptible to demagogic appeals". The synchronisation of all values is therefore a utopian idea, perhaps not in terms of some basic civilisation values. The NIGEO should consider a variety of ways of life (the 'live and let live' principle), value pluralism or otherwise the system could be imperialistic, imposing one value system on others involuntarily. It could also be in conflict with some other basic principles like non-interference in the internal affairs of other countries or the right of people to choose their own socio-political economic systems.

The dynamic view on values adds to such pessimism. Should such a values-based system be based only on values that exist or prevail now or

¹⁷ »In fact, we in the West are complete cultural outliers. In his book "The Weirdest People in the World", Joseph Henrich (2020) amasses hundreds of pages of data to show just how unusual Western, Educated, Industrialized, Rich and Democratic values are« (in Brooks, 2022: 3).

should it also take history into consideration? If considering history, it could mean that many African countries, former colonies, could refrain from cooperating with their former colonisers, or that countries occupied by Hitler's Germany, or affected by religious wars far back in history, would have problems cooperating with former aggressors. Even now there is a problem: the world is strongly cooperating with Israel despite its for decades-long apartheid policy vs Palestine. Or what the USA has been doing to Indians or today in Guantanamo, to single out just a few cases.

Based on the assertion that "trade can operate smoothly only if it is framed by an architecture of normative value standards" (Nagy, 2022), one can however address the issue of values dynamically. The Treaty of the EU (as a normative power) is one example obliging the Union to "promote", "uphold", "safeguard", "protect" and "assert" its values. In the context of external relations, the six 'values' as 'principles,' are set down as "objective", which also refers to their promotion, upholding and safeguarding in international relations (see Horváthy, 2018: 7). Lebow (2020), a fellow of the British Academy, asserts that in the long view foreign policy consistent with generally accepted ethical norms is more likely to succeed and those without them to fail.

Conclusions

The recent pandemic and all related crises have changed the world, as has Russia's aggression against Ukraine. Many new issues have flooded to the surface. It was believed that war in Europe was not possible. Now we have one and a new Cold War perhaps more dangerous than the previous one. Wars always alter history. New geopolitical maps are drawn, holding enormous implications for economies and people's lives. Many black swans might be appearing on the horizon, not just economic ones.

Notwithstanding all of such uncertainties, with reference to our research questions we may still conclude that:

In relation to a):

although the NIEO was not realised as planned, it was *not a total failure* since many of its principles are still alive today. In a way, it has paved the way to the realisation that something has and can be done differently in order to achieve the NIGEO.

In relation to b):

the basic *NIEO principles remain still relevant but must be adjusted to changes* in the global economic and political arena to become modernised. It is becoming obvious that to be effective and developmentally productive the NIGEO must benefit all social actors, not just the elites, and restore the lost notions of morality and fairness, to promote the development not only

of things, but people both globally and within countries. The new principles must consider the shifting relations between pure altruism (communism) and pure self-interest (laissez-faire capitalism). Finding the right mix between the two, what works and what is best for most people, is the task of a new system.

In relation to c):

past experiences and the new context clear show that *free-trade and level-playing-field principles are no longer adequate* if the system is to benefit humankind in general. “There has never been a better moment to move from the history of ‘resource-driven imperialism’ into an era of responsible use of natural resources, mitigating resource fragility and strengthening preparedness and resilience” (Potočnik, 2022).

In relation to d):

the world economy should be conceived as a *public good*. Inclusiveness, meaning a participatory approach, is the core new principle. Unfortunately, the experiences with COVID-19 demonstrate that the principles of solidarity, equality and empathy have yet to be domesticated by DCs. The unanimous resolution of the Security Council (27 February 2021) calling for the equitable global distribution of Corona vaccines to support low and middle-income countries again went unheard. Principles of the NIGEO are still seen as unrealistic in spite of the paradoxical cataclysmic context. Paradoxical, because despite so many factors destroying the planet humankind possesses the instruments to save it by properly protecting the environment and conducting economic activities more sustainably.

In relation to e):

the major NIEO *lesson* is that it is today known why the NIEO programme was not materialised as planned, which offers a chance to avoid repeating past failures. The new context is now forcing DCs to no longer see the international system’s transformation as a zero-sum game, finding ways and means to turn it into a win-win game for all. LDCs have also learned that ideas for change must be realistic to be feasible and negotiators well prepared. Their unity, based on a realistic assessment of their interests and not idealistically relying on political declarations without economic backing, has proven to be crucial.

In relation to f):

to be implemented effectively, any order, especially a global one, must have an appropriate *governance* structure. “Rising interdependence has not yet led to a comparable surge in effective international governance, which is still conducted through an incomplete patchwork of institutions and agreements and hostage to sovereignty, short-termism and zero-sum politics” (Chatham House, 2015: 12). The new institutional set up has to effectively resolve the global character of problems and the still mostly national

policies. Global governance must concentrate on global public goods and BTN policies. Given that the existing institutions have lost confidence, it may be time to contemplate new ones.

In relation to g):

the NIEO was conceived a long-term process. The same *gradual approach* also seems appropriate for the NIGEO because:

there is no single route forward to improving global cooperation. It will take a great deal of pragmatism, patience and diplomatic ingenuity to make progress. /.../trying to tackle some global challenges without hoping to build universal multilateral agreements from the outset/.../ In some instances, smaller 'minilateral' groupings of states may make more sense, especially as these can still be broad in their reach. (Chatham House, 2015: 13)

In relation to h):

international law seems to be a more reliable basis for the NIGEO because the chances that the rules are voluntarily accepted mean there are better chances of them being implemented. However, their lack codification makes the *RBO*, in combination with the *rule of law* principle, a more realistic option. Its bottleneck is that the implementation of its rules depends too much on those actors who decide what the rules are. Particularly small countries must be aware of such *RBO* limitations. They should avoid being naïve with regard to its effectiveness in safeguarding their interests, while being aware of the fact that perhaps the only real sanction of *IL* is the loss of the benefits if *IL* is not followed.

In relation to i):

a moral imperative for some would be to base a new system on *universal social values*, but the frequently incompatible values around the world suggest the chances of this are bleak. Attempts to impose Western values on the whole world have proven counterproductive. What seems more realistic is a kind of fox type of open, adaptable, flexible, non-rigid system, voluntary measures and binding rules, not hedgehogs' policies (one idea only). It is possible to set certain values as principles, as support for *IL*, when the benefits of cooperation prevail over conflicts, which all parties will strive to uphold *as a long-term objective* while striking a careful balance between interests and values in a dynamic way by filtering moral ethical principles through the lenses of the specific circumstances based on the *bona fides* principle.

To conclude: the chances of implementing the new principles of the NIGEO may appear even bleaker in the new context when more than the expected convergence we see an economically, culturally and politically diverging world. They could be regarded as doomed, although the urgency

of the crises calls for critical actions to change the system which had brought us to these crises. On the other hand, people prefer order over chaos or anarchy, which adds to the chances of a new and more effective world order. Despite N. Angell in his "The Great Illusion" (1909) having naïvely expected that the industrialised nations of his time were too economically interdependent to go to war with each other, two world wars instead followed. Mind-sets have nevertheless changed; "pro-development ideas that were considered too radical in the days of the NIEO have become acceptable, precisely because of the historical legacy of the NIEO, and have been realized, to a certain extent" (Chang, 2020: 72). Many factors are facilitating the rise of an NIEO, such as the "growing awareness of humanity's common fate in view of climate change and the COVID-19 pandemic" (Chang, 2020: 74). Greta Thunberg is right: "doing our best is no longer good enough. Now we need to do the seemingly impossible" (In: Žižek, 2021: 127). "Futurology deals with what is possible; we need to do what is (from the standpoint of the existing global order, added by SM) impossible" (ibid.: 127). Genuinely new thinking as a positive framework (not just criticising what has gone wrong) is needed for building a consensus around common interests and a vision for the so greatly needed radical transformations if we want a truly broadly beneficial, just, polycentric multilateral order based on a plurality of values.

BIBLIOGRAPHY

- Acemoglu, Daron and James Robinson (2012a): Why nations fail. Accessible at <http://norayr.am/collections/books/Why-Nations-Fail-Daron-Acemoglu.pdf>, 12. 3. 2021.
- Acemoglu, Daron, James Robinson and Thierry Verdier (2012b): Can't We All Be More Like Scandinavians? Asymmetric Growth and Institutions in an Interdependent World. Accessible at https://www.urosario.edu.co/urosario_files/1a/1ab5f36b-2789-49ea-8c31-597218e6dfc2.pdf, 13. 2. 2022.
- Aggarwal, Vinod K. and Steve Weber (2012): The New New International Economic Order. Accessible at <https://hbr.org/2012/04/the-new-new-international-econ>, 29. 3. 2022.
- Arndt, H. Wolfgang (1987): Economic Development: The History of an Idea. Chicago: University of Chicago Press.
- Berger, Mark T. (2001): The nation-state and the challenge of global capitalism, *Third World Quarterly*, 22: 6, 889–907.
- Brandt, Willy (1980): North-South: A Programme for Survival—Report of the Independent Commission on International Development Issues London: Pan.
- Brooks, David (2022): Globalization Is Over. The Global Culture Wars Have Begun. Accessible at <https://www.nytimes.com/2022/04/08/opinion/globalization-global-culture-war.html>, 29. 4. 2022.
- Brzezinski, Zbigniew (2009): "Democracy cannot be imposed by bayonets." Accessible at <https://alicensarchieive.blogspot.com/2009/06/zbigniew-brzezinski-democracy-cannot-be.html>, 2. 4. 2022.

- Bučar, Bojko (1982): Content Analyses of the Charter of Economic Rights and Duties, Thesaurus Acroasium XII: North-South Dialogue – A New International Economic Order 1982, Institute of International Public Law and International Relations of Thessaloniki, 521–533.
- Chang, Ha-Joon (2020): Building pro-development multilateralism: towards a “New” New International Economic Order. CEPAL Review N° 132, December 2020.
- Craig, N. Murphy (2005): Global Institutions, Marginalization, and Development, New York: Routledge.
- Desmet, Klaus & Esteban Rossi-Hansberg (2021): The Economic Impact of Climate Change over Time and Space. The NBER Reporter: No. 4, December 2021.
- Diogenes, Laërtius (2015): The Lives and Opinions of Eminent Philosophers. G. BELL AND SONS, LTD, London. Accessible at <https://www.gutenberg.org/files/57342/57342-h/57342-h.htm>, 24. 1. 2022.
- Drobot, Galina A. (2013): The Problem of Universal Values. World Politics Globalistics and Globalization Studies 2013 184–190. Accessible at https://www.sociostudies.org/books/files/globalistics_and_globalization_studies_2/184-190.pdf, 15. 3. 2022.
- Elias, Taslim (1983): Basic principles and perspectives of the New International Economic Order. Accessible at Basic principles and perspectives of the New International Economic Order | Semantic Scholar, 20. 3. 2022.
- Fabinc, Ivo and Tomislav Popović (1988): Yugoslavia in the World Economy on the threshold of the XXI Century. Consortium of Economic Institutes, Review of International affairs, Belgrade.
- Fan, He and Ye Qianlin (2017): World Economic Order: Present and Future. In Parallel Perspectives on the Global Economic Order. Accessible at <https://www.csis.org/world-economic-order-present-and-future>, 22. 2. 2022.
- Fukuyama, Francis (1992): The End of History and The Last Man. London: Hamish Hamilton.
- Fukuyama, Francis (1994): Reflections on the End of History, Five Years Later. In T. Burns (ed.): After History? Francis Fukuyama and His Critics: 239–258. London: Littlefield.
- Garcia, Marlene (2022): What Is a Value System? Accessible at <https://www.thehealthboard.com/what-is-a-value-system.htm>, 24. 3. 2022.
- Gebremariam, Fesseha Mulu (2017): New International Economic Order (NIEO): Origin, Elements and Criticisms. Accessible at https://www.researchgate.net/publication/317376573_New_International_Economic_Order_NIEO_Origin_Elements_and_Criticisms, 18. 3. 2022.
- Ghali, Butros, Branislav Gošović (2011) The New International Economic Order: A Reintroduction. Accessible at <http://humanityjournal.org/wp-content/uploads/2015/03/HUM-6.1-final-text-GILMAN.pdf>, 25. 3. 2022.
- Gilman, Nils (2015): The New International Economic Order: A Reintroduction, Humanity Spring 2015. Accessible at <http://humanityjournal.org/wp-content/uploads/2015/03/HUM-6.1-final-text-GILMAN.pdf>, 19. 12. 2022.
- Gilpin, Robert & Jean Gilpin (2001): Global political economy: Understanding the international economic order Princeton University Press.

- Goldstein, Walter (1982): 'Redistributing the World's Wealth: Cancun 'Summit' Discord,' *Resources Policy* 8: 25–40.
- Govekar, Žan (2022): At the end of the day – Questioning the need for Global Governance. Final Essay at the Global Governance Classes.
- Griller, Stefan (ed.) (2003): *International Economic Governance and Non-Economic Concerns: New Challenges for the International Legal Order*, Springer, Vienna/New York.
- Hameiri, S. and L. Jones (2018): China challenges global governance? Chinese international development finance and the AIIB. *International Affairs* 94 (3): 573–593.
- Higgott, Richard (2022): *States, Civilisations and the Reset of World Order*, Routledge.
- Hoehn, Ellen't (2022): To vanquish Covid the world must get better at sharing; Pharmaceutical companies should temporarily surrender IP and expertise for the good of humanity *Financial Times*, April 28 2021.
- Horváthy, Balázs (2018): The Values-Driven Trade Policy of the European Union. *EU Business Law Working Papers*. Accessible at http://real.mtak.hu/90449/1/eublwp_wp_3_2018.pdf, 22. 4. 2022.
- Johnson, Harry G. (1976): The New International Economic Order. *American economic review* 1 (49): 1–16.
- Kiljunen, Kimmo (ed.) (1993): *MINI-NIEO; The Potential of Regional North-South Cooperation*. IDS, University of Helsinki.
- Kitamura, Hiroshi (1978): *Rationale and Relevance of the New International Economic Order*. Wiley.
- Leach, Melissa, Hayley MacGregor, Ian Scoones, and Annie Wilkinson (2021): Post-pandemic transformations: How and why COVID-19 requires us to rethink development. *World Development* Feb. Accessible at <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7566764/>, 20. 4. 2022.
- Lebow, N. Richard (2020): *Ethics and International Relations*. Cambridge University Press.
- Mazzucato, Mariana (2020): Capitalism After the Pandemic; Getting the Recovery Right. *Foreign Affairs*. Accessible at <https://www.foreignaffairs.com/articles/united-states/2020-10-02/capitalism-after-covid-19-pandemic>, 20. 4. 2022.
- McFarland, Victor (2014): The New International Economic Order, Interdependence, and Globalization. Accessible at <http://humanityjournal.org/wp-content/uploads/2014/06/HUM-6.1-final-text-McFARLAND.pdf>, 25. 3. 2022.
- Moyne, Samuel (2018): *Not Enough: Human Rights in an Unequal World*, Harvard University Press.
- Myrdal, Gunnar (1979): *Economic Theory and Underdeveloped Regions*, London, Methuen&Co, Ltd.
- Nagy, Csongor István (ed.) (2022): *Global Values and International Trade Law*, Routledge.
- NMEP – Novi međunarodni ekonomski poredak (1983): *Novi međunarodni ekonomski poredak; putevi- ostvarenja-perspektive*, Ekonomika, Beograd.
- Oppenheim, Felix E. (1991): *Morala v zunanji politiki*. Fakulteta za družbene vede: Ljubljana.

- Popović, Tomislav and Rikard Štajner (ed.). (1981): *Novi međunarodni ekonomski poredak; putevi ostvarenja i perspective; finalna studija*, Beograd.
- Potočnik, Janez (2022): *System Change Compass A contribution to GRO 23*. Brussels, 25th January 2022.
- Raffer, Kunibert (1989): *A Critique of the Socialist Countries' Theory and Practice of the New International Economic Order*, in a book *The Soviet Bloc and the Third World. The Political Economy of East-South Relations*, edited by Brigitte H. Schulz, William W. Hansen. First Published 1989.
- Rawls, John (1971): *A Theory of Justice*. Cambridge: Harvard University Press.
- Rodrik, Dani (2011): *The Globalization Paradox*. New York: W.W. Norton & Company.
- Rodrik, Dani (2018): *What Do Trade Agreements Really Do?* *Journal of Economic Perspectives* 23 (2): 73–90. Accessible at <https://j.mp/2EsEOPk>, 5. 5. 2020.
- Rodrik, Dani (2020): *Putting Global Governance in its Place*. *The World Bank Research Observer*, 35: 1–18. Accessible at <https://j.mp/2WYUnYv>, 5. 10. 2020.
- Rodrik, Dani and Stephen Walt (2021): *How to Construct a New Global Order*. Accessible at https://drodrik.scholar.harvard.edu/files/dani-rodrik/files/how_to_construct_a_new_global_order_may_2021.pdf, 5. 10. 2020.
- Sacerdoti, Giorgio (2015): *New International Economic Order (NIEO)*, Oxford University Press and Gilbert.
- Sauvant, Karl P. (2017): *The Negotiations of the United Nations Code of Conduct on Transnational Corporations Experience and Lessons Learned*. *The Journal of World Investment and Trade* 16: 11–87.
- Scott, Ben (2021): *The Trouble With Washington's 'Rules-Based Order' Gambit; Improved U.S. compliance with international norms would greatly enhance U.S. defense of the rules-based international order*. *The Diplomat*, August 3. *The Trouble with Washington's 'Rules-Based Order' Gambit – The Diplomat*.
- Stöllinger, Roman (2021): *Free trade policy is not the optimal trade policy*. *Free trade policy is not the optimal trade policy (news article)*. Accessible at wiw.ac.at, 20. 1. 2022.
- Svetličič, Marjan (2021): *Searching for a Real New Normal after Covid-19*, *Družboslovne razprave*, Ljubljana 37 (98): 69–93.
- Svetličič, Marjan (2022): *Is the time now ripe for radical changes in the global economic order?* *Journal of Comparative Politics* 15 (2): 88–107.
- Taleb, N. Nassim (2010): *The Black Swan: The Impact of the highly improbable*. 2ed. New York: Random House Paperback.
- Talmon, Stefan (2019): *Rules-based order v. international law?* Accessible at <https://gpil.jura.uni-bonn.de/2019/01/rules-based-order-v-international-law/>, 20. 3. 2022.
- Thurow, Lester (1996): *The Future of Capitalism: how today's economic forces shape tomorrow's world*. London: Penguin Books.
- Toye, John (2014): *Assessing the G77: 50 years after UNCTAD and 40 years after the NIEO*. *Third World Quarterly* 35 (10): 1759–1774.
- Volgy, Thomas J., Zlatko Šabič, Petra Roter and Andrea K. Gerlak (eds.) (2009): *Mapping the New World Order*. Willy-Blackwell.

- Walt, Stephen M. (2021): China Wants a 'Rules-Based International Order,' Too, FP MARCH 31. Accessible at <https://foreignpolicy.com/2021/03/31/china-wants-a-rules-based-international-order-too/>, 23. 2. 2022.
- Wenzel, Jennifer (2010): *Bulletproof: Afterlives of Anticolonial Prophecy in South Africa and Beyond* Chicago: University of Chicago Press.
- Zolinger, Fujii William M. (2021): 'My Order, My Rules': China and the American Rules-Based Order in Historical Perspective. Accessible at <https://www.e-ir.info/2021/12/28/my-order-my-rules-china-and-the-american-rules-based-order-in-historical-perspective/>, 20. 1. 2022.
- Žižek, Slavoj (2021): *Heaven in Disorder*, OR Books, New York • London.

SOURCES

- Chatham House (2015): *London Conference: Challenges to the Rules-Based International Order*, The Royal Institute of International Affairs. Accessible at <https://www.chathamhouse.org/sites/default/files/London%20Conference%202015%20-%20Background%20Papers.pdf>, 3. 2. 2022.
- EADI (2022): *Human Rights in Flux: New Directions beyond Universalism*. Accessible at <https://globalchallenges.ch/issue/11/human-rights-beyond-the-end-of-universalism/>, 5. 4. 2022.