

IS THE TIME NOW RIPE FOR RADICAL CHANGES IN THE GLOBAL ECONOMIC ORDER?

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The objective of the article is to establish the similarities and differences between the period of the 1970s when the New international economic order (NIEO) was initiated and the contemporary period. Comparative evaluation of the two periods has identified similarities in many fields, leading to the analogy that also now the time is ripe for highly needed radical changes in the global economic order to facilitate fair and inclusive development. Covid19 and related crises, despite being so apocalyptic, together with other differences, have driven the world economy to a critical junction and offer the opportunity for rethinking the anthropocentric development model and for initiating radical changes in the governance of the global economy. The idea of a New inclusive global economic order is suggested, but scepticism exists about whether we have the actors motivated to design and implement necessary changes.

Key words: New International Economic Order; crises; context; similarities; differences; new order.

1 INTRODUCTION²

Nothing will be the same after this pandemic. It became obvious that the liberal international order (LIO) worked well in good times, while in bad times, its holes have clearly been exposed. Great recession (GR), and the rise of economic nationalism (EN) in developed countries (DCs), including its disguised forms, globalization (GLO) backlash, environmental and climate change, migration,³

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³ They are in fact a consequence of colonialism, of unequal development, of interventions by big powers (particularly USA) in the South. Europe, although not innocent in this regard, is paying the largest share of the bill.

enhanced volatilities and unpredictabilities and now the Covid19 pandemic finally revealed such system deficiencies.

History has demonstrated that crises are a big threat but, according to Fukuyama (2020) also an opportunity:

“Major crises have major consequences, usually unforeseen. The Great Depression spurred isolationism, nationalism, fascism, and World War II—but also led to the New Deal, the rise of the United States as a global superpower, and eventually decolonization. The 9/11 attacks produced two failed American interventions, the rise of Iran, and new forms of Islamic radicalism. The 2008 financial crisis generated a surge in anti-establishment populism that replaced leaders across the globe. Future historians will trace comparably large effects to the current coronavirus pandemic; the challenge is figuring them out ahead of time”.

Can the pandemic, and especially Russian aggression on Ukraine, be a game-changer, an opportunity to build a new world order out of an apocalyptic event, as the recession in the early 1980s did for the New International Economic Order (NIEO)? History tends to prove it since, according to Rodrik and Walt (2021, 6) the order building efforts followed a history of big wars or disruptions (Napoleonic Wars, WWI, WWII and Cold War). The outcome of these forces is unpredictable, depending on several factors. One is the structural changes going in the framework of the tectonic changes in the world economy which the existing order has not been able to handle effectively. The changed context also transformed the bargaining power of leading actors, with the enhanced power of emerging economies and less developed countries (LDCs). China's role increased and that of the US and other DCs decreased. Rivalry between US and China, and now more assertive Russia, lead to the ongoing restructuring of power relations in the global economy. Such dramatic tectonic shifts in the global economy are calling into question the cracking liberal international economic system because the rise of China coincided with its mixed economic system.

Economic, political and cross-cultural conflicts have intensified, becoming more disruptive in the context of such *black swan*, unpredictable predictabilities with huge impact, and unfortunately also *grey swans* of predictable unpredictability, following Taleb's (2010) definition. The number of natural shocks has, for instance, tripled from the 1980s (World Trade Report 2020, 25) and even more climate disasters are expected in the future. Many of them are in fact predictable *white swans*, but warning about them is ignored by politicians. This should worry us even more than *black or grey swans*. Uncertainties are becoming the rule of the day, and are creating an increasingly complex, ambiguous and volatile (VUCA) environment. The situation is wicked in nature because it cannot be solved by applying rational-scientific methods (Eden and Wagstaff 2021, 30), but requires new policies and capabilities for a radical, non-ergodic, wicked world characterised by radical uncertainty (Raškovič 2021). Therefore, Raškovič and colleagues are right in claiming that “instead of asking what will change and disappear, we need to start asking how things will change and for whom?” (2019, 345). Not only the global system, the concept of capitalism on which it has been based, is at stake. Will it be new capitalism or the return to the old normal after the GR?

Economic shifts on the ground have not been reflected in the governance of the world economy. The present system needs reforming, to become fairer and more

inclusive for all its participants to promote common goods. Otherwise, emerging markets can attempt to create their own (parallel/alternative) world order, as is in a way already happening with the establishment of the Asian Infrastructure Investment Bank (AIIB) in 2013 and the Regional Comprehensive Economic Partnership (RCEP) as just two examples of such alternatives.⁴ The question is whether *“the AIIB promotes China’s integration into global social networks, strengthens state-led development pathways/.../and thus, foreshadows the possibility of an institutionalised international order indifferent to liberalism. Or it reflects the tensions between the socialising effects of the liberal international order and China’s growing externalisation of its own non-liberal, state-led model of political Economy”* (Stephen and Skidmore 2019, 61).

The chances for such externalization are growing after the Join manifesto was signed between Putin and Xi (February 2022).

2 METHODOLOGY

This article is based on the comparative evaluation of the context in the global economy in times of NIEO initiative and now, looking at similarities and differences. It can be a basis for the assessment of whether the context can be conducive to the fight for the new system which will overcome the deficiencies of the existing LIO, thus making development more inclusive and the system more just for all parties. We call it the New Inclusive Global Economic Order (NIGEO).

The major research questions are:

- a) Is the time ripe for fundamental changes in the international economic system?
- b) Do we need a NIGEO and if, why?
- c) Are there similarities between the period of the NIEO initiative and now and what are the differences?
- d) What are the chances for the realization of NIGEO?

3 WHY THE NEED FOR NEW INCLUSIVE GLOBAL ECONOMIC ORDER?

NIEO is a political and economic concept aiming at fundamental changes in the existing international economic system which has been working not to the benefit of most of the world population, but more to the advantage of rich countries. There was a need for taking some measures to correct such a situation realising that we are all in the same boat and that the prosperity of the rich also depends on the prosperity of less advantaged nations. The formal idea of the NIEO was put forward in the Algiers Conference of non-aligned countries in 1973, following the Arab-Israeli war and oil shock afterwards. The oil crisis of 1973/74 has signalled changes in the balance of power in the world economy which empowered the demands of LDCs for changes in the unequal system. NIEO Declaration was accepted by consensus by the UN General Assembly at its Sixth Special Session on 1 May 1974 by the Resolution 3201 ‘Declaration on the Establishment of a New International Economic Order’ and Programme of Action

⁴ Or the Multi-party interim appeal arbitration arrangement, by 20 member states, including the EU and China, to facilitate dispute resolution until the appellate body of WTO is functional again (see Bourgeois and Stoyanov 2020).

on the Establishment of an NIEO in the name of all the members of the United Nations. UN members 'solemnly' proclaimed their 'united determination to work urgently for the establishment of an NIEO based on equity, sovereign equality, interdependence, common interest and cooperation among all States, irrespective of their economic and social systems.

Today the challenges are to a certain extent different. Strong dissatisfaction with the existing world order became more than obvious after the GR and Covid19 pandemic. Consumerist development, which also LDCs voluntarily follow, is not sustainable anymore. Mankind has to change the way we live and deal with resource, climate and environmental challenges. Globalization has also to be slowed down to get rid of unnecessary transportation and irrational trade with all damaging environmental and climate implications.

Perhaps the major difference is that the claim for changes is not coming now only from LDCs, but also from within DCs, particularly its middle class, which started to be hurt in the context of GLO (see Milanović's elephant curve 2016). A growing number of grassroots movements, of non-governmental organizations, are calling for drastic reforms of the development model if not the total change of the system. DCs are already changing the existing order by taking defensive measures against the rise of China as corroborated by Goodman (2017, 7):

"There have been two main lines of attack against the existing order. One comes primarily from within the advanced countries of the North Atlantic and holds that the institutions of post-war economic governance are no longer delivering strong, sustainable, balanced, and- above all-inclusive economic growth. The other comes from emerging states, which argue that governance structures set up over 70 years ago no longer reflect the actual distribution of economic weight in the world and are thus unfair". He believes "that we only have to adjust and reform the existing order because although it is flawed but can still deliver and adapt the order which has proved adaptable and has continued to deliver meaningful results, both in substance and institutionally."

Others believe that we need to take a fresh look at the global system "instead of accepting at face value dubious illusory notions of mainstream economics or international relations in order to make a fundamental transformation of the world system" (Stiglitz 2019).

In spite of huge changes in the global economy, there are similarities in the context and reasons why changes are necessarily comparing the times of NIEO and the present situation. It is, therefore:

"Stunning to read today the demands for changing the world system because they are almost exactly the same as those for NIEO, posited Panitchpakdi, head of UNCTAD and previously Director General of the WTO. Then as now, the emerging market players called for management of volatile commodity markets, preferential trade access to rich country markets, greater stability in exchange rates, monitoring of trans-border capital flows, greater aid to the least developed, favourable debt rescheduling, and regulation of multinational corporations to ensure that they comply with national laws and foster technology transfers. All this represents a considerable turn away from anything resembling a Washington Consensus and towards a more highly managed system favouring

preferential terms for developing countries" (Aggarwal and Weber 2012, 2).

At the same time, there are also many differences compared to the 1970s, the time of NIEO. The inequality issues and distribution of costs and benefits of the system to different players remain similar but much greater in the magnitude and distribution. China, together with many LDCs became the strongest advocate of enhanced international economic cooperation/globalization and the globalisation backlash is spreading in industrial countries. The situation today is different also in terms of the changed bargaining power of parties involved and the general interest to transform the global economic system. China *entered* the system (WTO) as a "rule taker," later evolved into a "rule shaker," and now aims to become a "rule maker." Not surprisingly, Slaughter already in 1997, i.e., before the GR and the pandemic, posited not only that there is a need for new order but that:

"New world order is emerging, with less fanfare but more substance than either the liberal internationalist or new medievalist visions (proclaiming the end of the nation-state; author's remark). The state is not disappearing, it is disaggregating into its separate, functionally distinct parts. These parts--courts, regulatory agencies, executives, and even legislatures--are networking with their counterparts abroad, creating a dense web of relations that constitutes a new, transgovernmental order. Today's international problems-terrorism, organized crime, environmental degradation, money laundering, bank failure, and securities fraud created and sustain these relations. Government institutions have formed networks of their own,⁵ ranging from the Basle Committee of Central Bankers to informal ties between law enforcement agencies to legal networks that make foreign judicial decisions more and more familiar/.../ today transgovernmentalism is rapidly becoming the most widespread and effective mode of international governance" (Slaughter 1997, 2).

She is certainly right by claiming that transgovernmentalism ⁶ is rapidly becoming the most widespread and effective mode of international governance together with private, non-state decentralized and highly flexible networks. They also include individual's networks among politicians, ministers, judges, parliamentarians, forming together in fact a kind of disaggregated order. Such networks can fill the gaps in the efficiency of supranational authorities, of international bureaucracy. New public-private networks, complementing each other, will probably be a nucleus of future global governance. Private agents cannot substitute state power, but rather complement it, provided that they do not abuse such powers which can happen in the absence of effective governmental regulations. This is a real danger since big corporations are frequently taking control away from governments in *surveillance capitalism* (Zuboff 2018), becoming too strong and out of public democratic control.

⁵ Unfortunately, »the dominant institutions in these networks remain concentrated in North America and Western Europe but their impact can be felt in every corner of the globe« (ibid., 3).

⁶ OECD defines transgovernmentalism as co-operation based on loosely-structured, peer to peer ties developed through frequent interaction rather than formal negotiation involving specialized domestic officials (typically regulators) directly interacting with each other (through structured dialogues, MOU,...), often with minimal supervision by foreign ministries (see <https://www.oecd.org/gov/regulatory-policy/irc7.htm>).

The global system has proved to be an ideal concept for “nice weather”, but when the storm comes, we still rely on national governments' actions. The Covid19 pandemic is a perfect example that even the EU, as the closest approximation of effective regional governance, is impotent in designing common actions in some sectors, for instance in the case of refugees/migrants. The world governance system has proven to be quite inefficient also in addressing the big issues of inequality, the environment or climate changes or so-called global issues, in fact, a public good “which are beneficial also to the home economy” (Rodrik 2020, 5). The immoral structural inequalities have been rising all the time between and within countries, threatening, in the long run, also the well-being of the rich.⁷ They have become the major problem to be addressed by any new system. The global 50% captures 8% of total revenue at purchasing power parity (PPT) and the global poor own 2% of global wealth at PPT (WIR 2022). The realization that this is the biggest problem has become widespread particularly among the young as revealed by the responses of 9,032 students 2016-2020 in 18 countries beginning their economics course indicating inequality as the most pressing problem.⁸ Therefore, the need for global governance in such areas is by the majority of observers seen as the only appropriate response to such increasing global challenges. Their task being not only to regulate such issues but also to monitor what national governments are doing, to establish a system whereby harmful beggar-thy-neighbour policies will not be allowed and in a way be a neutral arbiter of the conflicts between global and national regulations arise.⁹

Therefore, revisiting the NIEO can help find new answers to remaining old and added new problems by revisiting an abandoned, or failed, road of NIEO. “Re-appreciating the seriousness with which the NIEO was regarded in its time, not least by its fervent opponents, can help us to reopen the possibility space of contemporary geopolitics” (Gilman 2015, 11).

4 IS THE TIME NOW RIPE FOR RADICAL CHANGES IN THE GLOBAL ECONOMIC ORDER?

4.1. Changed context of the global economy after the WW II and after 2008's Great Recession

The NIEO initiative in the 1970s “sprang forth during a narrow and specific window of geopolitical opportunity, a *moment of disjunction and openness*, when wildly divergent political possibilities appeared suddenly plausible» (Gilman 2015, 1). This is why it is so important to take into consideration the time and the context in which the idea was developed and see, whether the time is now ripe for similarly bold initiatives and whether we have a similar geopolitical window of opportunity now. The mindsets have also changed and consequently the readiness for changes.

The first very general characteristic of the era in which NIEO was launched was accelerated decolonization after WWII with many new countries emerging. Two

⁷ During the pandemic »the collective wealth of the world's billionaires rose by 3.900 billion which happened amid mass suffering undermining the society's capacity to deal with the crises« (Goodman 2022) and structural, because it doesn't relate only to income and wealth but also to other social issues (access to power, education, health, justice...).

⁸ See <https://www.imf.org/external/pubs/ft/fandd/2021/03/rethinking-economics-by-samuel-bowles-and-wendy-carlin.htm>.

⁹ See detailed explanation in Svetličič (2022 forthcoming).

events in this period were critical: first, the collapse of the Bretton Woods (BW) fixed exchange rate regime in 1968–73 and escalating oil prices in 1973/74. These events created the conditions in which new ideas about global governance got ground. But, as Hans Singer noted in 1978, “their importance for the NIEO was as much psychological as material/.../ These events made the economic ambitions of the NIEO, which before had seemed utterly unrealistic, appear suddenly and shockingly conceivable” (Gilman 2015, 4).

As always in history, major policy/strategy changes or initiatives have been triggered off by the development on the ground, as a reflection of the changing context and bargaining power of involved parties. A key source of inspiration for the NIEO was the success of the OPEC oil price increase in the fall of 1973. It enhanced the bargaining power of LDCs and gave them the courage and self-confidence to start demanding changes in the existing global system. Developing countries started to be more assertive thanks to the success of more export-oriented development strategies which brought about some structural changes and GDP convergence. Previous strategies like “trade, not aid” from the first UNCTAD conference, later self-reliance and Economic Cooperation among Developing countries (ECDC) and industrial countries proposals like a strategy for basic human needs, have not produced the desired results. The enhanced role of the United Nations in the economic sphere was called for because the salami approach, that is, solving problems one by one, embodied in the Paris conference initiative,¹⁰ was a way of eroding the unity of LDCs which preferred a complex approach.

The post-1975 period (until the GR of 2008) could be characterized as a golden period of GLO. Discussion about global economic interdependence began to be replaced by talk of the benefits of globalization. In the context of liberalization of trade and capital flows, relocation of industries started to LDCs. As a reflection of improving growth rates of the world economy, and good results of newly industrializing countries (Asian tigers) following export promotion strategies, the shift in the development strategies of LDCs happened. They transformed from a prevailing import substitution strategy (1945–1960) to export acceleration (1960–1975). LDCs realized that FDIs are not only an imperialistic instrument but can also facilitate their development. At the same time, the strategy of collective self-reliance was developed in parallel with the growing disappointment of the LDCs with the North-South Dialogue (Paris Conference).” The world economy evolved not toward the NIEO vision/.../ but in the opposite direction, toward a more purely market-based approach/.../ or the Washington Consensus.” (McFarland 2015, 217).

Such a neo-liberal approach enhanced the indebtedness of LDCs and consequent: *“Latin American debt crisis in 1982 was the final dagger to NIEO. Bailing out indebted southern states was done conditionally, dependent on structural adjustments, designed explicitly to weaken the reach of the state. The result was a “lost decade” in Latin America, and then another in Africa when the same policies were applied”* (Gilman 2015, 8).

Developing countries started to look for solutions also by their mutual economic cooperation. It was prevailingly considered as a complement to North-South cooperation, although some more radically oriented LDCs, have naively argued

¹⁰ The Conference on International Economic Co-operation, more widely known as the North-South Conference, has been meeting in Paris in 1975.

that ECDC is a substitute for North-South cooperation. There were a lot of "romantic expectations of solidarity between LDCs" (Sobhan 1989, 102). In practice, many problems and barriers limited the scope of such a cooperation. From weak implementation or gap between words and deeds; to excessive and unrealistic ambitions. The concept was based more on abstract long-term interests and the (naive) belief that only the will to cooperate between LDCs can replace real economic interests.

Parallel to the liberalization of their economic strategies "the idea of an NIEO faded and was replaced by more pragmatic, less ambitious discussions of structural adjustment programs and the "end of history" ideology after the fall of the Berlin wall and collapse of socialist countries" (Gilman 2015, 1). The context has changed not only because of the fall of the Berlin Wall but also because the centre of gravity in the world economy started to shift to Asia.

The global economy has become historically unprecedentedly interdependent, pluralistic and fragmented.¹¹ All countries became tightly intertwined with trade, FDI and financial flows and, recently, with the digitalisation of economic life and global value chains which account for nearly 70% of global trade today. The result is also increased vulnerability and unpredictability, complexity and ambiguity (VUCA world). During the third industrial revolution, economies evolved into service economies. The collapse of the BW system contributed to such events. Hyperglobalization increased inequalities among and within countries. The environment and the climate have consequently deteriorated. Earlier we have had oil crises, now we have rare earth and semiconductor crises. Before, LDCs' debt skyrocketed, and now so has the public debt of DCs. Protectionism reappeared as a defence mechanism against the growing role of China and other emerging economies. They became a strong supporter of GLO, while opponents of it in DC spread their wings. Deglobalization or slowbalization started. The Economist reports that between 2008 and 2019, world trade, relative to global GDP, fell by about five percentage points. There has been a slew of new tariffs and other barriers to trade. Immigration flows have slowed. Global flows of long-term investment fell by half between 2016 and 2019 (in Brooks 2022, 3). Covid19, and now the war in Ukraine with the sanctions on dealing with Russia, are seriously corroding the GLO not only directly by reducing trade and financial flows but also indirectly by slowing down growth, productivity and innovativeness which GLO stimulates. Global integration will be transformed more in like-minded countries' regional trade blocks.

The speed of changes which are today historically unprecedented is just adding to such unpredictability and vulnerability. More than ever, speed is of the essence, says Mr Taga: "bosses had to decide *before the analysis was available*/... /Better to make a mistake than to wait and to waste time," echoed another (The Economist 2020, 49). During the Covid19 pandemic "the speed in which science-in the form of both vaccines and treatments-is accelerating the disease's journey to endemicity" (The Economist 2021, 17). Despite huge technological changes, productivity growth is stagnating and the productivity gap between today's DCs and the LDCs is much greater than in earlier times.

Climate changes are forcing us to change our consumeristic development model and induced a need for new growth strategies. "This system grows because it

¹¹ The »ideology« of interdependence started actually with the oil crises. It was used by DCs as a tool to persuade LDCs that we are all in one boat and such oil price hikes hurting everybody are counterproductive, to such a »same boat« ideology (see Cooper 1986).

ignores environmental boundaries and undermines social justice. However, we can't simply get rid of growth. It is written in capitalism's DNK" (Rammelt 2022). The debates about zero growth, degrowth, or a "doughnut sustainable economy" (Raworth 2017) as an alternative, started. As a result of climate changes, new migrations emerged, and are becoming a major challenge. In trying to resolve accumulated problems governments started to renationalize their authority, turning inside for solutions. Sovereignism is on the rise. Neo-mercantilist protectionism returned to the scene, similarly to during the crises in the 1980s. When defending their national interests DCs forgot about their "free trade preaching" to others. Paradoxically, now protection of LDCs is in fact weaker than it was for DCs in their catching up periods (see Chang 2003, 13). The theory, regarding the role of protection, and industrial policies have been changing (see Svetličič 2020b). Fundamentalist implementation of free trade principles for any country, regardless of size or development stage (one-size-fits-all strategy) is no longer as common sense as it once was. LDCs require more policy space while they are catching up. Imposing common rules for all of them irrespective of the differences, has proved counterproductive.

Security dimension added to the differences between the period of NIEO and today. With the rise of digitalisation, it has changed from more military to more economic and social dimensions. As Zuboff (2018), figuratively illustrated, capitalism has become the *surveillance capitalism* in which big data companies are controlling too much of our lives, and to some extent taking control away from politicians and governments. Varoufakis (2021) is talking about *techno-feudalism* by big corporations. Technology companies are increasingly geopolitical actors. They maintain foreign relations. "Governments and technology companies are poised to compete for influence" (Bremmer 2021). Lastly, the war in Ukraine has recently reminded us how fragile world peace is despite all efforts after WWII to preserve it, not least by the establishment of the EU. The induced arms race and systemic rivalry between democracy and authoritarianism will overshadow other urgent problems and retard the transformation of the world economy in the direction of sustainable development, or NIGEO. Instead, we could see a totally different new geopolitical world map.

4.2. Major context similarities; NIEO period and now

The first historical analogy going before the two compared periods is the "Twenty Years' Crisis - the fraught period between World War I and World War II when democracies faced multiple pressures, including the Great Depression, reactionary conservatism, revolutionary socialism, and growing international tensions" (Cooley and Nexon 2022). The two world wars "mobilized the radical Left and gave birth to revolutions, with the social-democratic welfare state" (Walt 2021, 31). Now we also see radicalization on the right which demands similar roots as those before WW II and political radicalization and disorientation of the Left. New fundamentalists' ideas, are together with authoritarian leaders' simplified solutions, gaining their attraction in spite of a very early warning by Camus (1947) that; "pathogens like totalitarianism, racism or mindless opportunism won't disappear for good. We must rise up in collective action and resist each recurring wave, over and over and over again". The question is, whether such negative radicalism can be transformed into a positive change in the unjust world order?

The 1970s context ignited the idea of NIEO. If the context then facilitated the birth of the NIEO, can a similar context now be also supportive of more fundamental changes in the international economy? Similarities between the two periods can support such an idea. Table 1 summarises the major similarities of both periods.

TABLE 1: SELECTED SIMILARITIES BETWEEN THE TWO PERIODS

Post-WWII	Post GR till today
Post-WWII reconstruction	Post GR and pandemic "new normal" building
Systemic competition: capitalism vs socialism	Competition among different types of capitalism and authoritarianism
Rethinking of development models (import substitution vs export promotion)	Shifts towards sustainable development and circular economy and consequently changing mindsets
North-South inequalities	Domestic inequalities in DCs added
Debt crises of LDCs	High public indebtedness after Covid19 due to governments' rescue plans
Global integration developmentally productive	Global integration can be counterproductive
Hyper-GLO	Sane, more equitable GLO in the focus
Productivity increasing	The slowdown of productivity growth
Growth ups and downs	High speed of changes in the VUCA world

Source: the author.

On a very general level, we have the changing power structure and the rivalry between major powers in both periods. As a defence measure, new forms of protectionism and xenophobic economic nationalism as defence measures against China's rise and the negative effects of GLO on DCs are mushrooming. Pax Americana, later Washington consensus, prevailing before the GR, is now being challenged. China has now seriously put the wheels of global order out of balance. According to Von der Schulenburg¹² (2021), such rivalry and tensions are not new since also:

"In the situation that led us to WWI in 1914 our European ancestors thought too that they were caught in a great-power competition. Then, as now, this led to a media frenzy of stories about the evil nature of enemy countries and the wickedness of their leaders. /.../It is shocking that in each of the belligerent countries, most of the intellectual elites, including many on the left, joint such hostile rhetoric. Can we observe something similar today?"

Certainly, the rhetoric in the post-WWII Cold War, when the "red scare" started to substitute for previous "yellow peril" (more in Svetličič 2020a) was similar. The Cold War hate rhetoric, blaming others, hides under the carpet the real roots of the problems. Such rhetoric obscures real economic and social problems like inequalities, erosion of democracy and systemic deficiencies which brought about environmental and climate crises, and, at the end of the day, also the pandemic. After being almost forgotten after the fall of the Berlin wall and debates about the end of history and peace dividends, the Cold War has now returned most brutally by the war in Ukraine and induced global conflicts.

In addition to the bilateral political and military confrontation and competition between the two systems, we have, as Žižek (2021, 1) figuratively explained (before the Russian invasion): "a great disorder under heaven, with the Covid19 pandemic, global warming, signs of a new Cold War, and the eruption of popular protests and social antagonisms worldwide naming but a few of the crises that beset us". A battle between different forms of capitalism on the one hand and authoritarianism on the other (China, and followers in some former socialist countries), and the extreme right in old democracies (US being the prime example) is also new and different. "Autocratic regimes are now serious

¹² Former UN Assistant Secretary-General.

economic rivals to the West. They account for 60 percent of patent applications. In 2020, the governments and businesses in these countries invested \$9 trillion in things like machinery, equipment and infrastructure, while democratic nations invested \$12 trillion” (Brooks 2022, 4). It can be a material base for pessimism about the outcome of such conflicts.

In the economic field, certain reconstruction was going on in both periods: after the WWII reconstruction of destroyed economies and now building a new post GR and Covid19 normal. Dissatisfaction with the existing development model triggered the rethinking of it, together with the principles of international trade in general. LDCs then started to liberalize their international economic cooperation, while now sustainable, ecocentric development models are being proposed to address the challenges of the environment and climate crises.

There are also some structural economic similarities. Rear earth and semiconductors shortages are similar to the oil shock in the 1970s. Energy prices are also souring now, although for different reasons. The Latin American debt crisis now has its “brother” in the record global debt of \$226 trillion, adding to economic vulnerabilities. Private debt from non-financial corporations and households also reached new heights. While before the GR the rising debt took more a form of private debt, now governments became the major debtors (huge pandemic rescue helicopter money interventions).

Hyper-globalization revealed how vulnerable we are in our strong interdependency. The pandemic showed how dependent we are on Chinese products, not only for manufacturing in general, but also in the health sector (masks, tests, and even western vaccines have a lot of Chinese inputs...). Global value chains were interrupted. “The afterlife of the NIEO is perhaps most evident today in global climate change negotiations” (Kasa et al. 2008) contemplating the need for the change of irrational use of “human and material resources and civilization’s new bases of values as the dynamic framework” (see Fabinc and Popović 1988, 7) can be traced already in NIEO ideas. Gilman (2015, 10) corroborates this claiming that:

“For many key poor countries, the north/south geographic imaginary that gave life to the NIEO remains the dominant framing of the question of climate justice. Just as it was in the 1970s, the G-77 remains the south’s main organizing agent for collective climate bargaining with the North (citing Keohane 2011). In addition, in its negotiating positions with respect to climate change, the G-77 has pursued a line of economic reasoning that strongly echoes the NIEO Declaration, arguing that because the north bears a historic responsibility for producing most anthropogenic greenhouse gases currently in the atmosphere, and the south still has a “right to development,” any fair climate treaty should be “nonreciprocal,” with binding responsibilities (in this case, concerning emissions reduction mandates) applying only the north. Likewise, just as it did in the 1970s, the G-77 insists that the north should transfer technology and provide aid as reparations for the damage caused by historic wrongs—now referring to historic greenhouse gas emissions. In sum, the NIEO’s unfailed political imaginary of a more just and egalitarian global order lives on in contemporary climate negotiations.”

4.3. Major differences between the two periods

The major difference between the NIEO period and now is systemic. A competition between capitalism and socialism in the previous Cold War is being now replaced by the new, and different Cold War. In the earlier period of the traditional Cold War between the USA and Soviet Union (SU), we have had a competition between capitalism and socialism. The “expansionism of the Soviet Union was moderated by the fact that Moscow’s foreign policy was, by and large, dictated by the willingness to achieve hegemony in the Eurasian heartland. As such, Moscow’s geostrategic approach was not geared towards establishing a global order based on Communist principles, while the new version of the Cold War, which we observe now, is different. The Cold War, which we observe now, is different. “Beijing and Washington now operate in overlapping and interconnected geopolitical spaces, not in discrete geopolitical blocs. /.../ China, is a totally different kind of polity than the SU was” (Cooley and Nexon 2022). Such new confrontation is taking place in a totally different environment. It is again systemic, but totally different competition, going beyond politics and economics, expanding to “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 with a wide array of fronts” (ibid., 4).

Bipolarization between the US and Soviet Union (SU) has been transformed into bipolarization between US and China with the touch of three or even multipolarization (EU and Russia aspiring to be added), into tripartite competition among different types of capitalism on one side and authoritarianism on the other. A joint manifesto signed between Putin and Xi (February 2022), reflects a more assertive and ambitious China, and ideologically similar Russia, wanting to recreate the old hegemonic role of Russia in geopolitics.

TABLE 2: SELECTED DIFFERENCES BETWEEN THE TWO PERIODS

Post-WWII	Post GR till today
Emergence of new states	Disintegration of multi-etic states
US-dominated international economy Bipolarization (USA-SU)	Multipolar systems with USA domination receding New more multilateral bi/tripolarization (US-China/Russia-EU) Tectonic changes with China becoming the largest economy
Triumph of capitalism	Collapse of socialism
Capitalism –socialism competition	Neoliberalism under attack within and outside
Liberalization of development models, Integration and GLO boom	Economic integration and political disintegration Hyper GLO and anthropocentric development model questioned
GLO promoted by dominant powers and firms	GLO advocates became emerging economies, while DCs started to rethink GLO
Cold war balance of power Transformation of socialist economies Bargaining power of DCs strengthened	Cold peace turning into new Cold war Bargaining power of LDCs gradually evaporated
Fear of oil shortage and enhanced power of OPEC, LDCs	Fear of too strong dependence on semiconductors and rear earth material by DCs and energy dependence on Russia (vulnerability)
Decreasing inequalities between nations Fast growth and productivity convergence	Middle class in DCs countries started to be hurt Slow growth and productivity slowdown
Small role of the government	Increasing role of the government (GR, Covid19..)
Private debts dominated	Public debts started to dominate during the pandemic
North-South gap	Inequalities within DCs increased
Slow speed of changes	High speed and deepness of changes in a highly interdependent world
Consumerism stimulated GDP growth and convergence	Traditional exit recipes from GR (acceleration of consumption) led to a return to 'business as usual'

Source: the author.

While in the NIEO period decolonization resulted in the emergence of new states, now we see the disintegration of old multi-ethnic states and integration grouping (Brexit). After WWII's fast growth, we now see a slow productivity slowdown in spite of technological progress (digitalization and Internet).

Initially, the strong bargaining power of LDCs fighting for NIEO has gradually evaporated in parallel with the winning Washington consensus. Now it has strengthened again if China is included in the LDCs camp. Inequalities as a major problem on the North-South axis are still a problem but are supplemented by the DCs' rising inequalities and public dissatisfaction with it. If private debt was then a problem, it is now a public one.

Enhanced interdependence as a result of hyper GLO brought about a VUCA world and a GLO backlash, more in DCs while LDCs became more supporters of GLO. Global integration was in the NIEO period seen by LDCs as detrimental (later as positive) while now even DCs started to question global integration.

After the WWII reconstruction period, the pace of changes slowed down. Now the speed of change in all fields is just enormous. This is perhaps one of the most important structural differences between the two periods.

In the 1970s stronger global integration was regarded as a development instrument, while now, as a result of hyperglobalization and the rise of the Chinese economy, it has also become a problem. Globalization started to corrode and restructure in the direction of "sane globalization" (Rodrik 2011) or eco-friendly GLO getting rid of unnecessary, environment polluting trade.

All such changes haven't had only economic but also huge political implications. Cooley and Nexon (2022), went as far as saying that:

"The contemporary liberal order works better for authoritarian regimes than it does for liberal democracies. Authoritarian states can curtail the effect on their populations of international civil society, multinational corporations, economic flows, and even the Internet much more effectively than can liberal democracies. Authoritarians can use the freedom of global flows to advance their own illiberal influence".

But it cannot be generalized, because several democracies have managed the pandemic and related economic crises quite well, proving that there is no one-fit-all solution and that countries have different circumstances.

5 DISCUSSION AND CONCLUSIONS

Although there are fears that NIEO-like ideas will suffer the same fate as the NIEO in the 1970s and 1980s, there is room for optimism because even the WTO's director general believes that:

"Rethinking multilateralism has never been more urgent. But the window for action is usually very narrow and, if not utilized, the opportunity for changes is missed. As the experience of earlier crises shows, the impetus to make bold change will fade once we are past the worst of the pandemic in the richest countries" (Iweala Ngozi Okonjo et al. 2021), provided we have the capable political actors

to propose new order and fight for changes as we have had during the NIEO initiative. The lack of such actors seems to be the major problem in the realization of such a new vision for a global regime. “The harsh lesson of history is that the difficult point comes afterwards, when popular enthusiasm has to be transformed into an effective political organization with a precise program” (Žižek 2021, 202).

The USA is in retreat and Chinese leaders are not offering a clear blueprint for shaping the global order. They are uncertain whether they really want to take on global responsibility, although president Xi proclaimed in 2017 that China “has taken a driving seat in international affairs and would be moving closer to the central stage and making a greater contribution to mankind” (The Economist 2020, 41). But walking away, as the USA was doing during Trump’s leadership, is not the way to go. Building a whole new system seems to be a too heavy burden for China, compared to sailing in the existing order, taking it a la carte. But: “*if neoliberal globalisation (world system added by SM) could in theory have been done differently, it could be done differently again in the future: it can, therefore be shaped by benevolent social forces every bit as much as malign ones. Moreover, if progressives vacate this territory and choose not to do battle here, we can be pretty sure that the former — the trumps, farages and putins (and xis, added by SM) — will seize the initiative, as, indeed, they already have to an extent*” (Payne and Bishop 2020).

The conclusions based on our major research questions can be summarised as follows.

Ad a) Is the time ripe for fundamental changes in the international economic system?

The situation has changed so dramatically since the 1970s that there is no other possible answer than yes. The world has obviously arrived at a critical junction, at a *sobriety point*, realising that enhanced international cooperation is needed to address global challenges. Potočnik (2022) is very clear:“

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».

It is in our hands whether we will be able to use it as an opportunity for changes, as it was during the New Deal, decolonization, and creation of the BW system, or we will repeat previous historical mistakes which manifested in the Great Depression of 1929, isolationism, nationalism, fascism, and WW II. Many parallel crises, the tectonic shifts, the changing mindsets, and the new public pressure, provide some optimism that the crises will be more an opportunity for positive changes than for regression to the old normal with all the negative social consequences. On the other hand, the Russian invasion of Ukraine is introducing completely new elements. It means not the end of history, but a return of history with the acceleration of the arms race and economic nationalism and consequently marginalization of other, highly pressing problems (climate, environment, inequality). Some would go as far as saying that the expectations that trade and interdependence reduce the incentives for wars have been denied by real life.

The climate change,¹³ environmental crises, and of course, dealing effectively with the current pandemic, are urging mankind to find quickly complex solutions

¹³ See Desmet and Rossi-Hansberg (2021).

going beyond addressing only symptoms but roots of all these crises. Žižek (2021) agrees, claiming that:

“the challenges we face, from global warming to refugees, digital control, and biogenetic manipulations, require nothing less than a global reorganization of our societies. Whichever way this happens, two things are sure: it will not be enacted by some new version of a Leninist communist party, but it will also not happen as part of our parliamentary democracy. /.../ The situation is hopeless; it is clear that there is no hope of finding a solution within the existing order (ibid. 2021, 40 and 93). Or as Barria-Asenjo stated, “instead of dreaming about a “return to (old) normality, we should engage in the difficult and painful process of constructing a new normality”. This construction is not a medical or economic problem, it is a profoundly political one: we are compelled to invent anew our entire social life (in Žižek 2021, 115).

The problems are obviously so huge that only a sweeping transformation could address all such challenges. Gradual, evolutionary transformation of the system has run out of time because the environmental, climate and social pressure due to immoral inequalities clocks are ticking so fast. What is needed is:

»A transition from a global order constructed around a few commanding international organizations dominated by powerful Western states, to a more multifaceted order based on complex and polycentric governance arrangements among a wider community of national governments, international organizations and non-state actors. While this growing complexity presents significant challenges of coordination, it does not fundamentally contest foundational principles of sovereign equality, economic openness, and rule-based multilateral interactions « (Eilstrup-Sangiovanni and Hofmann 2019).

Ad. b). Do we need a NIGEO and if, why?

NIEO was born on three assumptions. Firstly, crises in the existing system of international economic relations. Secondly, the then-existing international order was unjust and thirdly stimulated by the gradual changing mindsets/theories. The situation is almost identical today; we are living multiple crises and immorally huge inequalities and realisations that the existing order has created all these problems. Yet, there are fundamental changes on the ground. The shares of major players in the global economy changed dramatically and so did their aspirations to play a more central role in designing the rules of the game in the global economy.

“Covid19 has laid the limits of a governance architecture that merely monitors and suggests, rather than enforces. The international order is not inadequate because of an excess of norms, rules, laws and institutions, but because these are too few and weak “(Tocci 2020).

The existing system based on atomised principles and national interests of major power(s) echoing a unipolar-world-order era is incapable of resolving such new global issues. New formal and informal institutions are required in order to achieve inclusive development objectives of all humanity and to resolve the conflict between the global problems and national governance of them. The crucial issues are to establish the right balance between global and national

governance and appropriate allocation of their sectoral or problematic competencies and, particularly to establish an effective implementation mechanism for enforcing rule of law constituting global governance.

Ad. c). Are there similarities between the period of the NIEO initiative and now and what are the differences?

Yes, there are more similarities than differences between the period of NIEO and the contemporary period (see tables 1 and 2). In spite of the failure of NIEO, the similarities of the context may be conducive to more fundamental reforming of the international system as it was then. They create a similar climate inducing change, as differences necessitate the transformation of the global economic system in order to adjust the system to such changes and prevent the new NIEO-style demands from meeting the same outcome as the original NIEO, i.e., failure (see Agarwal et al. 2012). It is also clear, that it is naïve to expect that such profound changes can be made overnight. A gradual, step by step approach seems more realistic, although less optimal. The way out of the existing series of crises cannot be the way which got us into such a situation. In Einstein's words: "We cannot solve our problems with the same thinking that created them".

As much as the pandemic is a terrible experience for mankind it also offers the opportunity for a silver lining; rethinking what went wrong in the past that created such zoonotic diseases/pandemics and other even more severe long-term crises (climate, environmental, social...). "Societal challenge might be ten times as big as the pandemic and at least ten times as long (Sternfels et al. 2021, 1). Pandemic is perhaps also the »virus« of opening our eyes that people are more important than profits. Hence the Lamy's suggestion: »let's propose a reform agenda to reduce social insecurity and cope with the digital revolution, turning production systems towards circularity through proper pricing of environmental externalities" (Lamy 2020) looks more than appropriate.

One reason is also historical. Namely, the colonial *guilt* of DCs, former colonial powers, has evaporated, but a *new*, relatively heavier, *guilt* has emerged. A responsibility for environmental degradation of the planet, climate change and pandemic crises for which almost the same countries are historically responsible the most. Unequal distribution of the vaccines is adding to such a responsibility a pang of new guilt because new variants of Covid19 are emerging in countries with the least vaccinated population. After all, DCs have not made the vaccine available to them despite several proposals including the one on waiving the patent rights.

At the same time, the mindsets have also changed. The radicalism of the 1970s looks today, in the light of much more severe challenges, less radical and more understandable. DCs' population is namely joining the club of radicals, demanding substantial social reforms. Previous radicalism became normal also given enhanced bargaining power of larger LDCs (like China) supported also by other successful emerging economies.

Finally, today's new Cold War is totally different from the post-WWII one. It goes beyond competing systems in terms of economics and politics. It also entails religion, culture, status, psychology, and morality. "More specifically, it's a rejection of Western ways of doing things by hundreds of millions of people along a wide array of fronts" (Brooks 2022, 4). It is a competition between capitalist democracy and autocratic state governance (Russia), and a hybrid capitalist Chinese economy with an 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).

Ad d). What are the chances for the realization of the New Inclusive Global Order? NIGEO¹⁴ could meet with the same outcome as NIEO because it is perhaps ahead of the time and since the GR demonstrated how quick we tend to reboot the system, going back to old normal. Yes, it sounds like an ambitious, to some even naïve utopian, idea. But all major transformations in history looked initially very idealistic, naïve and utopian. Yet, as time went by they were realized. The fall of the Berlin wall, if predicted by some (as has not happened), would sound also as totally utopian in the 1980s and yet it happened. Gandhi posited clearly, “first they ignore you, then they ridicule you. And then they attack you and want to burn you. And then they build monuments for you.”

Following this thought, chances for NIGEO might not be (in the long run) so thin also because the alternative might be risking the rise of illiberalism within liberal democracies as well as an ecological, and consequently social, catastrophe. A visionary framework is also needed for addressing the great dichotomy between economic GLO/integration of the global economy and the international political system based on national states and how to find a right congruence between the two. Our ultimate choice can be figuratively encapsulated by Woody Allen:

“More than any other time in history, mankind faces a crossroads. One path leads to despair and utter hopelessness. The other, to total extinction. Let us pray we have the wisdom to choose correctly (Woody 1979).

If history can teach us something, the world after the Covid19 pandemic can resemble the one after 1945 when difficult decisions had to be made. Is it the time for a new BW or for something new? The new context, the enhanced interdependency and changing mindsets certainly point in the direction of something new.

One can agree with Piketty (2020) that “history is full of *“ruptures”* that create “switch points” when the action of a few people can cause a lasting change in a society trajectory”. Have we reached such a switch point yet, do we have such leaders with a clear plan-vision of what should be done? The answer to the first question is most probably positive; yes, we reached the historic junction. “*We should therefore leave behind the metaphor of it being “five minutes to noon,” our last chance to act and prevent the catastrophe. It is already five minutes past noon, and the question is what to do in a totally new global constellation*” (Žižek 2021, 219). The answer to the second one is more complicated. Unfortunately, there is a lack of statesmen around the globe to have such a long-term vision and be willing to embrace policies which go beyond regular election cycles. Recent experiences don’t fill us with optimism because, in the Covid19 exit strategies national, and not multilateral, approaches prevail. Economic nationalism inspired even by sovereigntists ideologies is winning always when there are no multilateral or regional readymade solutions available. Populism and authoritarianism are winning in times of chaos, in times of frustrations and disorientation because people are attracted by such simple solutions promising to get quickly out of such crises, compared to more complicated and slower democratic, science-based, more complicated, solutions.

The Covid19 pandemic is a global tragedy. But that shouldn’t—and needn’t—prevent us from finding innovative ways to accelerate progress. On the contrary,

¹⁴ More on its principles in Svetličič (2022).

it should stimulate productive thinking. It would not be the first disaster from which new innovative ways to exit it were found.

Unfortunately, the Russian aggression on Ukraine, has demonstrated how limited our understanding of the world is, how weak we are in predicting the developments and how wrong it was to overemphasise rational economic factors and underestimate ideological ones or even forgetting the soft cultural and psychological, drivers of our lives, desires and objectives. The precondition for looking for new answers, for new challenges, is the ability to avoid such past mistakes and the *bullshit*, as coined by American Philosopher H. Frankfurt essay 1986 On Bullshit, “by ignoring the things how they are and concentrate on how they really are, because bullshit is a greater enemy of the truth than lies are.

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ALI JE SEDAJ ZREL ČAS ZA RADIKALNE SPREMEMBE V GLOBALNEM GOSPODARSKEM REDU?

Namen prispevka je ugotoviti podobnosti in razlike med obdobjem sedemdesetih let prejšnjega stoletja, ko je bil uveden nov mednarodni ekonomski red, in sodobnim obdobjem. Primerjalna ocena obeh obdobjev je odkrila podobnosti na številnih področjih, kar je pripeljalo do analogije, da je tudi zdaj napočil čas za zelo potrebne korenite spremembe v svetovnem gospodarskem redu, da se omogoči pravičen in vključujoč razvoj. Covid19 in z njim povezane krize so kljub apokaliptičnosti, skupaj z drugimi razlikami, svetovno gospodarstvo pripeljale na kritično stičišče in ponujajo priložnost za premislek o antropocentričnem modelu razvoja in za začetek korenitih sprememb v upravljanju svetovnega gospodarstva. Predlagana je zamisel o novem vključujočem svetovnem gospodarskem redu, vendar obstaja skepticizem glede tega, ali imamo akterje motivirane za načrtovanje in izvajanje potrebnih sprememb.

Ključne besede: novi mednarodni ekonomski red; krize; kontekst; podobnosti; razlike; nov red.