

Rethinking the world order: Paving the way for sustainable transformation

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Abstract

As the US and EU impose greater and deeper sanctions on leading economies of the Global South and attempt to limit access to global markets, the neoliberal international political economic order is proving to erode from within. This paper discusses the increasingly evident necessity and demand for new institutions to broker economic and political relationships for an emerging post-neoliberal international order.

Introduction

It's time to take a hard look at the way the world order is currently arranged, and the impacts of this order on global peace and power structures. The current model of world order, established after the two World Wars, is not sustainable and is contributing to widespread destitution and protracted conflicts. While prolonged conflicts are not new in the history of nation-states, the creation of international institutions after World War II, intended to prevent further wars and mitigate violent confrontations among nations. This paper hopes to benefit scholars, international business strategists, and policy makers. International business needs to find ways to move forward in a new world order. By rethinking the existing order, we can pave the way for a more peaceful, sustainable future – a world order wherein the powerful nations are no longer the arbiter of war and peace, poverty and prosperity. The intent is to provide for an equitable and sustainable new world order while ensuring a peaceful transformation to this emerging structure. The subsequent sections introduce the analytical framework for this study, linking existing debates regarding weakening of the neo-liberal order. Finally, the conclusion examines an assessment of the new order with policy and scholarly implications.

Literature review

This section summarizes the existing academic debates on the evolution of an emerging new order. This research draws from an interdisciplinary, multidimensional literature.

Acemoglu, Daron, James A. Robinson, et al. *Why Nations Fail: The Origins of Power*, 2012 argues, the essence of a prosperous stable nation is the existence of the institutions in the country. Countries with inclusive “democratic” institutions are positioned to outperform non-democratic nations. Countries with dominant extractive industries lend themselves to no- democratic institutions and subsequent weaker in inclusivity. Additionally, taking on a comparative perspective in studying national culture and its potential impacts on development outcomes is necessary to extend our current understanding of how universal and effective leadership practices are. Bremmer, Ian. *Managing Risk in an Unstable World*, 2005, sheds light on the concept of national culture and its relation to wide a variety of risk on economic activities. Prahalad, C.K. and Stuart Hart. “The fortune at the bottom of the pyramid.” *Strategy+Business*, First Quarter 2002 (26). Brings to the forefront of international business community the significance of the least developed countries in global strategic formulation of corporations. The left behind under the current international politico-economic order are crucial for world order. In the 1940s Hayek, Friedrich. *The Road to Serfdom*. UK: Routledge Press, 1944, the concept of the liberal international order came into vogue which, in its simplest form, divided possible leadership styles between transformational and the authoritarian-world order. Hayek warns of the danger of state socialism that inevitably results from government control of economics. He further argues that the abandonment of classical liberalism

inevitably leads to a loss of the individual rights and creation of an oppressive society, The all-encompassing argument in recent times opposing the neoliberal international order comes from Stiglitz, Joseph E. *The Road to Freedom Economics and Good Society*, 2024. Stiglitz argues that relying solely on business self-interest as the means of achieving the well-being of humanity is misleading, and that instead there is an important role for the government to bring about an equilibrium and stable order.

New world order: concept and development

The article's contribution to academic debates is thus twofold. First, the analysis complements the academic discussion on international affairs with observable data. Second, and much broader on the global order in transition, the article seeks to link the newly emerging field of research with high-level (visible) changes with emerging trends in geopolitical systems where several power centers are delegated with opportunities to influence decisions to propel a new order. The article explores the scope of competing foreign policy agendas of the global North and Global South through the respective institutions. This study relies on institutions as one of the best indirect signifiers of decision-making processes in an opaque order, where there is a vacuum of information on the roles and relations amongst the key actors and institutions.

Transition to new order

Given its volatile grasp on the global political economy, there is a need to transit the current order smoothly into this new order. As the current world order proves dangerously incapable of de-escalating preventable global conflicts, we need to shift to the paradigm away from the utilization of military force. On the economic front, the American Dollar as an international reserve currency is eroding given its massive use as a weapon of choice against sanctions on nations such as Iran and Russia among others. A gradual shift away from the dollar denominated transactions is evolving and gradually underway.

There needs to be a high price placed on hegemonic tendencies, to reduce the desirability of domination and lessen the legitimacy of powers vying to monopolize and exploit the use of force. Given the complex, Western dominated geopolitical landscape, to put a high price on hegemonic approaches requires a fundamental structural change to the existing institutionalized international order.

This is not a call to abruptly disassemble the existing international political and economic institutions. However, as the status quo fails to provide sustainable, equitable conditions and results, the order has passed its useful shelf life and must be replaced with a new set of sustainable order(s). To provide sustainable solutions, we need to design a new world order that incentives peace over conflict.

There is a misalignment between the dominant global forces and the reemergence of ancient civilizations, now the beneficiaries of historical experiences within a neoliberal dominated modernity. There is a need for an innovative, transformative new order to reduce the desire for competitive domination, to replace the profitability of war and economic exploitation with the benefits reaped from greater cooperation and collaboration among nations. A system where alliances are not formed to be pitted against one another, but rather an equilibrium of national interests to harmonize interactions among nation states. Alliances are divisive, as they bury an implication of global conflict among competing major world powers as a necessity as well as a status quo.

Next frontier

There already exist Global South-led international structures and institutions to facilitate economic development, including the Chinese Belt and Road Initiative (BRI), the Asian Infrastructure and Investment Bank (AIIB), an expanded BRICS, and the Shanghai Cooperation Organization, Asian Cooperation Dialogue, (intergovernmental) among other impending alternative multilateral institutions in progress (Asia, 2024).

Transitioning to new, sustainable global institutions will not come without resistance from the established powers. The new order must convince the existing colonial legacy powers that they will benefit as a sustainable new order evolves. This process will involve more than just creating parallel institutions to existing ones. It requires identifying and integrating the political risk of conflict between the old order and the newly emerging order(s). Today, the need to thoroughly calculate and leverage such

risks is, evidenced by the failure of the existing multilateral institutions including the United Nations, International Criminal Court, and International Court of Justice to prevent wars and punish acts deemed unacceptable under their own tenets, including, forced displacement, ethnic cleansing, executions of civilian populations, the use of starvation as an instrument of a “just war.”

A transformative new order will only take place when enough nations realize that their interests are not protected or safeguarded by the existing order. I believe we have reached that critical and opportune time as many nations have already arrived at this conclusion, judging by the fact and example of when over 150 nations in the UN General Assembly called for an immediate ceasefire between Hamas and Israel, only to be ignored and rejected by the security council veto, exercised with disregard for the votes of the vast majority of nations that comprise the UN General Assembly. The new order will not have a veto reserved for the rich and powerful nations. There must be a representative body of nations of relative equal standings.

A critical yet unknown question is if and how China and Russia will navigate their power structures away from the UN by suspending their membership in the transitional period toward new global institutions. China and Russia are targets of US Specially Designated National and Blocked persons (SDN) (U.S. Department of the Treasury, 2024). Russia for the Ukraine war. Australia, Canada and the US collectively have more than 23,000 sanction.

China and Russia must feel secure enough to pull out of the UN to fully transfer to newly established institutions and ensuing order. China has much to lose as it has invested significantly in the existing order. For Russia it may be less costly, as it is already under Western-led sanctions (U.S. Department of the Treasury, 2024). Whatever the case, Beijing and Moscow must agree not to challenge each other’s power if they seek to emerge as future leaders, particularly for Moscow not to challenge China’s economic primacy. There is also reason to see resistance to such an order from within the Global South itself, for multiple reasons. For example, despite occasional interventions outside of the neighborhood, India’s persistent hesitancy in executing an assertive global foreign policy reflects the residue of a long history of colonialism and British legacy that has proven hard to shake off even as a “Non-Aligned.” India’s long-standing ties with Russia will be a significant factor in it. India has nevertheless been an important factor in carving out strategic ties with countries in the Global South, particularly Africa. India – one of the prominent voices of the Global South- has been advocating reforming multilateral institutions to hear the voices of the Global South.

Amid this complex geopolitical landscape of the Global South, and as the time comes for current order to end, there must be a transitional phase wherein these competing interests will have to find common ground:

First, a power transition away from current institutions (namely, the UN, WB, IMF, etc.), keeping in mind that power transitions are fraught with risk of conflict.

Second, to bring into alignment the common interests of emerging economies with their own individual interests of decoupling from the current institutions. Whether Beijing, Moscow and some key regional powers such as Iran, South Africa, Egypt, and Saudi Arabia can pursue their partnerships in a new world order would be a test of the strength of the new order, not to disregard the headwinds formulated by dominant powers to prevent such a transformation.

As we focus on building a better future, it is crucial that we establish a robust accountability system that helps mitigate crises and incentives beyond a mere non-aggression pact approach to cooperation. The new order must ensure that we are directing power toward sustainable peace, addressing the economic, political, and geopolitical risks that weaker nations face in a community of unequal powers. Technology sharing across the emerging countries (Global South), facilitated by the most technologically advanced Southern capitalist economy (China) will be vital for incentivizing the global south and many disenfranchised global north countries to consider joining the new order. Potential imperial ambitions and aspirations of China must be checked to de-incentivize and minimize the impact by informed and diligent leaders in the greater Global South. Western body politics have already concluded that China’s power projection will follow their own, leading to neocolonialism. These self-reference criteria are reflective of

the insecurities felt among Western capitals. It can be interpreted as a fear response. It is a continuation of the classical "Realpolitik" world view.

Progress has already been made by China's Belt and Road Initiative (BRI) in many African, Asian, and South American nations. Initiatives like the expansion of BRICS to include key regional nations Egypt, Ethiopia, Iran, Saudi Arabi and the UAE (BRICS, 2024) stand to rejuvenate the development prospects of the bottom of the pyramid. In this expanding context, there is room for leading BRICS nations to infuse and integrate technology into the least developed, suggesting a new development approach of technology without ideology, contrary to the western ideological strings attached to favor the "donor nation" with the legacy of colonialism and excessive militarization of foreign policy. The newly formed order must be cognizant of not repeating the "dependencia" of Latin America and the US. In the transition to the new order, the ensuing diffusion of power will bring about greater political and economic space, enabling the non-nation state/para states greater opportunity for maneuverability by reducing the threat perception level they face from the West under the current order. Diminishing the need for violence perpetuated.

A Global South equivalency of the Organization for Economic Cooperation and Development (OECD) would be beneficial for developing countries by fostering innovation, technology transfer, and policy analysis, and serve as an inclusive incubator to educate and train future generations of leaders from the Global South. The aim is to empower Southern nations to identify their own problems and come up with their own solutions, rather than importing solutions from the West, depending on Western resources, development models, and policy analysis.

A framework for international order rife with the preferential treatments of powerful member states (the veto power) in the UN security council, is no longer representative of contemporary global realities. It is not to say that the new order will be fail proof or be flawless. The current neoliberal order is not sustainable and has lost legitimacy

The new global order must prioritize a baseline of sustainable peace, where peaceful practices become more feasible and incentivized with increased cooperation among state and non-state actors. New global institutions must help to forge an equitable playing field among all nations, regardless of ideological orientation and memberships, to ensure that nations are not exploiting and subjugating weaker states for their own gains. A more inclusive, equitable, transformative world order is the future (Kavoossi,2024).

Conclusion

While international affairs and political economy scholars have predominantly focused on the implications of economic and political dynamics, we argue that an interdisciplinary approach, involving nationalism, globalization, colonialism and cultural studies adds a critical dimension to our understanding of how a new international order is evolving. By highlighting various ways in which aspirational political sentiments manifest, both at home and abroad, the implications of such sentiments for world order, as well as possible response strategies, we add a new dimension to emerging global order for both scholars and policy makers.

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