

New Economic World Order: Reality Or Delusion?

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Abstract

The global economic and political landscape is in a constant state of change. In the first half of the 20th century, nations formed alliances that led to two world wars, fundamentally reshaping international power dynamics. The world became divided into two opposing blocs—the capitalist bloc, led by the United States, and the socialist bloc, led by the Soviet Union. These blocs were the primary adversaries of the Cold War, marking a period of intense rivalry between two opposing economic and political ideologies. These pivotal global events and political shifts in the early 20th century have led to speculation about the emergence of a new economic world order, especially after decades of unilateral dominance by a single superpower.

Keywords: super power, economic world order, cold war, ideology, political economy

Introduction:

The last century witnessed numerous significant international political events and transformative shifts. The fall of the Tsarist Empire and the Bolshevik Revolution, also known as the Russian Revolution, were pivotal events of the 20th century that marked the end of the Romanov dynasty and Tsarist rule. The abdication of Tsar Nicholas II and the establishment of a provisional government in Russia in 1917 signaled the beginning of a new era. This revolution served as a precursor to other European uprisings that followed during and after World War I (Trahair & Miller, 2009, p. 506).

The world witnessed two devastating world wars that reshaped global power structures. Until the 18th century, European nations dominated international affairs. However, Britain's influence gradually declined, and the United States emerged as the new global superpower, with the dollar becoming the primary currency for international trade. This shift in power dynamics

led to intense ideological rivalry, culminating in the Cold War—a period of geopolitical tension between capitalist and socialist blocs (Richard & Miller, 2009, p. ix).

The emergence of independent nation-states marked the end of colonial rule. The rise of nationalism, coupled with the Universal Declaration of Human Rights by the United Nations, accelerated independence movements after World War II. This newfound optimism and determination led to the liberation of 36 countries in the post-war period, bringing an end to the colonial era (“The Stakes Are Too High for the World to Fail Palestine,” 2024).

Change is an inherent characteristic of society, and as a result, the socio-economic and political landscape continues to evolve over time. The Cold War shaped the foundation of the then-existing international order, which may once again be undergoing transformation in this century due to shifts in the balance of power and evolving universal values. This paper examines the potential emergence of a new economic world order by analyzing historical trends, political shifts, and economic developments.

Objectives:

The primary objectives of this study are:

- To examine whether an incumbent economic world order exists and assess its stability.
- If the existing economic world order is unstable, to explore the potential for the emergence of a new economic world order.

Methodology:

The research approach utilized historical literature, manuscripts, documents, articles, journals, books, and reports. Data were collected from contemporary and historical records, particularly focusing on the international shifts of the last century. The collected data were analyzed thematically, considering political and international economic issues, as well as historical interpretations, to achieve the research objectives.

Backlog history of international politics till today's world:

Genesis of the Cold War and the Rivalry

In the aftermath of World War II, the United States and the Soviet Union emerged as dominant global powers, becoming ideological, economic, and political rivals. These two nations, despite their opposing ideologies, pursued global influence, leading to decades of geopolitical tension and competition (Williamson, 2006, p. 3).

Scholars have often interpreted the Cold War through the lens of U.S. policymakers, viewing American foreign policy as a pragmatic response to Soviet actions or prevailing global conditions. Conversely, analyses of Stalin's foreign policy generally fall into two categories: security concerns versus revolutionary agitation, and Realpolitik versus ideological expansion (Sanchez-Sibony, 2014, p. 57).

Contemporary academic perspectives increasingly emphasize ideological determinism, aligning with the views expressed in U.S. diplomatic assessments, such as George Kennan's famous "Long Telegram" (Ibid.). The Soviet ideology, commonly referred to as "Marxist-Leninist," stood in direct contrast to the American commitment to capitalism and democracy (Rabbie, n.d.).

The Cold War escalated through a series of defining events, including the Berlin Blockade, the formation of NATO (1948), the Korean War (1950–1953), the Berlin Crisis, the Cuban Missile Crisis (1962), the era of détente, the renewed arms race, the Solidarity Crisis, and the Soviet invasion of Afghanistan (1979). The conflict ultimately concluded during the Gorbachev era with the introduction of Glasnost (openness to public debate) and Perestroika (economic restructuring) (Williamson, 2006, p. 12; Levering, 2016, p. 214).

The Cold War fostered an intense nuclear and military buildup, leading to a prolonged arms race between the superpowers (Dougherty & Pfaltzgraff, 1971, p. 32). In response to this geopolitical struggle, key policies and alliances emerged, including the U.S. policy of containment, the Marshall Plan (The Marshall Plan, p. 19), the Truman Doctrine, the Warsaw Pact, NATO, and Cominform (Betts, 1989, pp. 37–52). Additionally, strategic geopolitical

theories such as the Pivot Area, Hinterland, and Heartland gained prominence (Dougherty & Pfaltzgraff, 1971, pp. 50–54).

Disintegration of Europe

In January 1947, Britain faced a severe economic crisis due to the lasting impacts of World War II and political unrest in its colonies, particularly India and Palestine. Struggling to maintain its influence in the Mediterranean, Britain found Greece, Italy, and Turkey in urgent need of financial and military assistance. In response, U.S. President Harry Truman swiftly announced the Truman Doctrine, a policy aimed at containing the spread of communism.

On March 5, 1946, in a speech at Fulton, Missouri, Winston Churchill famously declared, "From Stettin in the Baltic to Trieste in the Adriatic, an iron curtain has descended across the continent" (Churchill, 1946). This statement underscored the growing ideological divide in Europe. In France, communists initially joined a coalition government alongside Socialists and Christian Democrats but were expelled in May 1947 (Williamson, 2006). As a result, Europe became polarized, with the Western nations aligning with the capitalist bloc and the Eastern nations forming the communist bloc.

The shifting political landscape in Europe reinforced Anglo-American imperial ambitions, values, and ideologies, which became the foundation of its legal rationality ("Who Has Paralyzed the Post-War Rule-Based World Order," 2024). The primary goal of any global order is to maintain peace among major powers (Mazarr, 2017, p. 29). However, the contemporary political climate stands in stark contrast to these objectives, as economic policy continues to serve as the fundamental "Rule of Conduct" for nations (Sutton, 1937, p. 44).

The USSR and Its Economic Policies Since the 20th Century

By the late 1970s, the world's most advanced economies were undergoing a significant transformation driven by high technology. The Soviet Union referred to this shift as the "scientific and technological revolution," yet it was clear that the USSR was lagging behind (Brooks & Wohlforth, 2004, p. 75). This technological advancement was further accelerated by improvements in transportation and communication (Ibid.).

Historically, the Soviet Union demonstrated a pattern of geopolitical aggression. In 1939, it invaded Finland, and later, it played a role in provoking North Korea's invasion of South Korea, with support from Mao Zedong's China. In more recent times, Russia annexed Crimea and is currently engaged in the invasion of Ukraine. Meanwhile, China continues to assert territorial claims over Taiwan, a self-governing democratic island, with ambitions of forced unification. These events do not necessarily indicate that history repeats itself; rather, they underscore a recurring pattern of imperialist aggression by Russia, driven by the same geopolitical strategies that have shaped its actions for decades (Kotkin, 2022).

The Bretton Woods Agreement, IBRD, and IMF

In July 1944, delegates from 44 nations convened at the United Nations Monetary and Financial Conference, held at the Mount Washington Hotel in Bretton Woods, New Hampshire. The conference led to the establishment of the Bretton Woods System, designed to minimize international currency exchange rate volatility and improve global trade relations. This system laid the foundation for post-war economic stability and cooperation.

The Bretton Woods framework, however, remained more of an evolving project than a fully institutionalized system, as the inconvertibility of certain national currencies posed ongoing challenges (Sanchez-Sibony, 2014, p. 96). To support economic reconstruction and development, the conference also led to the creation of the International Bank for Reconstruction and Development (IBRD) and the International Monetary Fund (IMF), both of which played a crucial role in stabilizing the global financial system in the post-war era.

Polarization and Contention in the Middle East

The fall of the Ottoman Empire in 1923 marked a turning point in the Middle East, paving the way for increased Western influence in the region. Following World War I, British policy was primarily focused on dismantling the remnants of Ottoman influence (Khan, n.d., p. 14). The creation of the Kingdom of Saudi Arabia further consolidated U.S. hegemony in the Middle East, while the Soviet Union sought to expand its own sphere of influence by supporting Syria, Iraq, and Iran.

However, the 1979 Islamic Revolution and the overthrow of Reza Shah Pahlavi significantly reduced U.S. dominance in Iran. Meanwhile, Saudi Arabia, with the backing of the United States and the petrodollar agreement (Hiro, 2018), rose to prominence as a dominant force in the region. With vast oil wealth at its disposal, Saudi Arabia championed Islamic solidarity both within the Middle East and beyond (Ibid.). Yet, this leadership was soon challenged by Khomeini's Iran, which sought to assert its own supremacy in the Islamic world.

In an effort to contain the growing influence of this radical theocratic state (Smith & Davis, 2017, p. 20), the United States supported both the autocratic Saudi regime and Zionist Israel. This perceived double standard fueled anti-American and anti-Jewish sentiments among Middle Eastern Muslims, contributing to the rise of radical Islamist movements (Ibid.).

During the Cold War, a major U.S. concern was the potential disruption of oil supplies, particularly if Moscow attempted to cut off the flow of oil to the West (Glaser & Kelanic, 2024, p. 122). Even today, the United States maintains a stronghold in the Middle East, as the region accounts for roughly one-third of global oil production. To safeguard its strategic interests and maintain control over the region, the U.S. played a key role in the establishment and continued support of Israel in the occupied Palestinian territories, a policy rooted in the Balfour Declaration (Balfour, 1917).

China-Russia-USA Tug of War: Eco-Political Challenges and Counteractions

India's first Prime Minister, Jawaharlal Nehru, positioned himself as both a democrat and a socialist. He recognized the People's Republic of China (PRC), criticized UN actions in the Korean War, and accepted significant Soviet industrial aid—moves that displeased the United States (Smith & Davis, 2017, p. 152). Over time, the relationships of India and Pakistan with global superpowers fluctuated, as both nations emerged as major political players in the region. To counter the spread of communism in Central and Southeast Asia, the United States supported the formation of SEATO (Southeast Asia Treaty Organization) and CENTO (Central Treaty Organization) (Smith & Davis, 2017, pp. 49, 259).

In 1985, SAARC (South Asian Association for Regional Cooperation) was established, bringing together all South Asian states, including India, Pakistan, and Bangladesh. However,

due to SAARC's structural weaknesses and the persistent political tensions between India and Pakistan, the organization has struggled to function as an effective regional trading bloc (Kabir, 2015, p. 181). As a result of SAARC's institutional shortcomings, India has been seeking alternative regional alliances on the global stage (Kabir, 2015, p. 182).

Meanwhile, Bangladesh is exploring membership in BRICS under the leadership of Russia and China, despite its heavy reliance on U.S. markets for exports. This reflects a cautious geopolitical balancing act. At the same time, the U.S. is urging Bangladesh to join the Quadrilateral Security Dialogue (QUAD), an alliance formed by the U.S., India, Japan, and Australia to counter China's influence in the Indo-Pacific ("The Daily Star," 2022).

The Russia-Ukraine war has further revealed global polarization, with China—Russia's close ally—refusing to attend the Switzerland Peace Conference in 2024, citing Russia's absence as a reason for its non-participation (Reuters, 2024). The evolving geopolitical alignments in South Asia and beyond will play a crucial role in shaping the future world order.

Politics of Synthesis in the Cold War: USA vs. USSR

The Cold War rivalry between the United States and the Soviet Union gave rise to several new dimensions in international politics, which can be understood as a byproduct of global power struggles, aligning with Hegelian dialectical synthesis (Hegel, 1942, p. 155). Among these emergent issues were the Non-Aligned Movement (NAM), the North-South Dialogue, economic classifications such as Least Developed Countries (LDCs) and Developed Countries (DCs), economic blocs, military alliances, collective security, the arms race, and ultimately, the ideological transformations that led to Perestroika, Glasnost, the dissolution of the USSR, and the end of the Cold War. The emergence of multiple powerful nation-states significantly influenced international politics in the post-Cold War era.

The Non-Aligned Movement (NAM) projected an image of unity among Third World countries, even amidst the intense rivalry between the two superpowers (Brooks & Wohlforth, 2004, p. 202). Meanwhile, the North-South Dialogue of the 1970s sought to challenge the dominance of the Great Powers by fostering cooperation among developing nations to resist superpower hegemony (Brazinsky, 2017, p. 202). Historian Raymond Garthoff highlights that

this period marked a revolutionary ideological shift, as leaders increasingly acknowledged global interdependence, prioritized human values over class struggles, and advocated for the indivisibility of common security (Ibid.).

The United States, in pursuit of its containment policy, implemented the Truman Doctrine (Judge & Langdon, 2018, p. 26), the Marshall Plan (Praptee, 2024), and formed military alliances such as NATO (Betts, 1989). In response, the Soviet Union countered with the Warsaw Pact, reinforcing its own sphere of influence (Leffler, 2007, p. 224). These alliances, framed under the guise of "collective security," intensified the global arms race, as both superpowers sought to expand their military and strategic reach (Freedman, 2001, p. 35).

The post-World War II period also witnessed an acceleration in decolonization (Judge & Langdon, 2018, p. 61), leading newly independent states such as India, Pakistan, Indonesia, Malaysia, and Ghana to engage actively in international political organizations. These emerging nations leveraged their positions to advocate for economic self-sufficiency and national sovereignty (Judge & Langdon, 2018, p. 62). Many relied on military and financial aid from the superpowers, aligning with one bloc or the other in exchange for economic and strategic support (Praptee, 2024).

Thus, Cold War politics not only shaped global alliances but also redefined the international order, setting the stage for economic and political realignments that continue to influence global affairs today.

Regional Alliances, Bloc Clashes, and the Emerging Global Economic Order

Regional cooperation and trading alliances have become crucial in shaping the modern geopolitical and economic landscape. The competition between global powers is increasingly reflected in these alliances, as countries align themselves with different blocs to secure economic and strategic advantages.

The United States has recently criticized China for not adhering to the United Nations Convention on the Law of the Sea (Hass, 2017, p. 8), highlighting ongoing tensions in the Asia-Pacific region. Meanwhile, Iran, along with Turkey under President Erdogan's leadership, continues to challenge U.S. influence in the Middle East. A notable development in regional

diplomacy was China's successful mediation of détente between Iran and Saudi Arabia, two long-time Middle Eastern rivals. China's top diplomat described this as a "wave of reconciliation" and reaffirmed Beijing's firm support for Tehran on issues of core national interest ("Al Jazeera," 2023).

China's growing influence is also evident in South Asia, particularly regarding Bangladesh's Teesta River project. Beijing has expressed interest in supporting the project, prompting India to counter by offering its own funding proposal in an attempt to curb China's regional influence (Mazumder, 2024). This geopolitical maneuvering underscores the ongoing struggle for dominance between India and China in South Asia.

In the Asia-Pacific region, Russian President Vladimir Putin made significant diplomatic moves in mid-2024 by visiting North Korea and Vietnam. During his visit to Pyongyang, Russia and North Korea signed a mutual defense pact aimed at creating a "reliable security architecture" in the region. Putin described the agreement as a mechanism to protect both nations from external aggression, while North Korean leader Kim Jong-un hailed it as a strategic alliance ("The Daily Star," June 20, 2024).

Putin's visit to Vietnam also resulted in the signing of 11 cooperation agreements covering oil and gas, energy, and education. Although these agreements were less extensive than the defense pact with North Korea, they were significant enough to draw concern from the United States and its Western allies, especially given the existing ICC arrest warrant against Putin for alleged war crimes in Ukraine ("The Daily Star," June 21, 2024).

These developments indicate a growing polarization of global economic and security alliances. As the world moves toward a more fragmented order, characterized by bloc-based rivalries and shifting alliances, the question remains: will a new global economic system emerge from these divisions, or will the existing order adapt to accommodate rising powers?

Synthesis and Concluding Remarks

The historical trajectory of global power dynamics has been marked by a series of transformative events, from the fall of the Tsarist Empire and the Bolshevik Revolution to the Cold War rivalry between the United States and the Soviet Union. The aftermath of World War II

led to the emergence of the Bretton Woods system, solidifying the U.S. dollar as the global reserve currency and shaping the international economic order. Meanwhile, the dissolution of colonial empires and the rise of nation-states redefined political and economic alliances across the world.

The Cold War set the stage for intense geopolitical rivalries, ideological battles, and military confrontations. The USSR and the USA, as two competing superpowers, engaged in a prolonged struggle that shaped the modern international order through alliances like NATO and the Warsaw Pact. This era saw the rise of regional conflicts, proxy wars, and economic blocs that reinforced global polarization. The Soviet Union's decline, marked by economic stagnation and internal reforms under Glasnost and Perestroika, led to its ultimate dissolution, leaving the United States as the dominant global power. However, the post-Cold War era did not lead to the stability many anticipated. Instead, shifting alliances, economic crises, and the resurgence of regional powers began to challenge the unipolar order.

In the contemporary world, economic power struggles continue to shape international relations. The emergence of China as an economic and military powerhouse, alongside Russia's assertive geopolitical actions, has intensified global competition. The shifting balance of power is evident in China's Belt and Road Initiative, Russia's strategic alliances with North Korea and Vietnam, and the increasing role of regional organizations like BRICS and QUAD. The U.S., while maintaining its dominance, faces mounting challenges in sustaining its influence in Asia, the Middle East, and beyond.

The ongoing tug-of-war among the U.S., China, and Russia, particularly in strategic regions like the Middle East and South Asia, demonstrates that the global order remains in flux. The geopolitical maneuvers surrounding energy resources, military alliances, and trade agreements reflect an evolving landscape where multiple centers of power compete for influence. The economic and political challenges faced by regional alliances, such as SAARC's internal divisions and the competition between China and India for influence in Bangladesh, further illustrate the complexity of global realignments.

Conclusion: The Future of Global Economic Order

The current world order stands at a crossroads. While the Bretton Woods system and U.S.-led financial institutions like the IMF and World Bank have long dictated economic policies, the rise of alternative financial mechanisms, including China's Asian Infrastructure Investment Bank (AIIB) and the increasing prominence of BRICS, signal a potential shift. The increasing polarization of economic alliances—U.S.-led Western institutions versus emerging multipolar economic partnerships—suggests the possibility of a new global economic structure.

However, whether a completely new economic order will emerge or whether the existing system will adapt remains uncertain. The stability of the current economic system is being tested by shifting power dynamics, regional conflicts, and the competition for technological and resource dominance. If the global economic order is indeed unstable, the future will likely witness the consolidation of economic blocs rather than a single dominant power. The increasing interplay between geopolitics and economics underscores that the trajectory of global power is not linear but cyclical, with history offering valuable lessons on the rise and fall of dominant economic systems.

Ultimately, the world is witnessing the formation of a new equilibrium where regional alliances, economic dependencies, and strategic rivalries redefine global governance. Whether this transition will lead to stability or further division depends on how global institutions and major powers navigate these evolving challenges.

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