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Towards the Next World Order – Lessons from History

What might a new world order look like and who will shape it? Looking to the historical precedent of the Bretton Woods system reveals how notions of order, security and fairness were intertwined with power, hierarchy and agency. Contemporary global challenges, from geopolitical tensions to China's rise, demand a shift in perspective. Rather than seeking fixed structures, attention must turn to continuous processes of world ordering, practical collaboration and strategic engagement in an increasingly interconnected and contested world.

What a new world order will look like and who will be responsible for shaping it, are questions without simple answers. Yet it is possible to suggest some directions in which answers might lie.

Bretton Woods: Historical precedent and contemporary myth

Any attempt to conjure up something like a new world order invites reflection on an earlier one, and the one established at the end of World War II offers a precedent. It is the order that has been called the Bretton Woods system, which in 1944 shaped the map of the world economy and the international currency system through the efforts of key, charismatic figures, notably Harry Dexter White for the United States and John Maynard Keynes for the United Kingdom.

There is even something of an obsession about it. In 2024, marking the 80th anniversary of the Bretton Woods conference, there was a surge of meetings on a new Bretton Woods. At the same time, there was the looming prospect of a disruptive Republican presidency. But even under the Biden Administration, it was already clear that despite the most cooperative Atlanticist, globally minded group of Democrats, there were profound tensions in the world economy. There was pressure from the global south to think of a new system that would work better. Moreover, the rise of China and Russia's aggression were putting what the West had taken for granted under massive pressure. And now things have turned out to be far more dramatic than anticipated last year.

Even those most pessimistic about a Trump presidency could hardly have predicted the simultaneous assault on the trading system in the most capricious and arbitrary way, and a fairly systematic attack on foreign investment and the value of the dollar. In light of this, it might seem almost perverse to ask the question of why we might be looking for a new world order.

But what do we mean by a "new world order"? And why is this concept so frequently associated with the Bretton Woods moment? Thinking like this is itself historical, and it repeatedly clusters around the term "Bretton Woods". At one level, this clustering reflects a set of things one values: order as opposed to disorder, intelligibility versus chaos. There is almost an aesthetic appeal to it. The Bretton Woods system gave the impression that the economy is brought under control, fulfilling the dream of somehow making this opaque thing transparent. There is a promise of security, and perhaps, to the wider population, of safety, a theme today that often comes up in discussions of populism.

There is a promise, if not of actual fairness, then of a rules-based order. There is a functional claim that a more predictable system boosts investment, establishes security and reduces uncertainty, which is supported by econometric work. It also is an argument going back to Max Weber in the German social theory tradition. But there is something else that is appealing about the Bretton Woods

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moment: the sense that it was a moment of agency, when smart actors came together to design a system in the face of historical chaos. It is also the sense of a moment of wisdom: that it was not just about agency, but agency founding order, a form of self-constraining agency. It was not a muscular assertion of interests stamped on the world, but an agency willing to check itself. This perception is what makes the Bretton Woods moment so inspiring.

At the height of their powers at the end of World War II, the United Kingdom and the United States indeed decided to build a system rather than simply impose their will. These are notable virtues, yet the way they cluster around Bretton Woods, and the way that Bretton Woods continues to serve as a kind of totem or a comfort blanket for thinking about international economics 80 years later, brings to mind what I have described as “financial fiction”. One might just as well call it a fairy tale.

Deconstructing the Bretton Woods myth

Fairy tales famously have many functions, but they are not sought for practical advice unless the problem is a wolf dressed as a little old lady. In a similar way, the Bretton Woods model calls for an examination not as a blueprint but a reference for understanding international economic order. This analysis can be structured through multiple perspectives: psychological, historical, political-economic and philosophical.

From a psychological perspective, the appeal of Bretton Woods suggests that it serves as a collective anchor. Why does discourse repeatedly return to this foundational moment, and what does it paper over? One indication is the misdating of the conference: it is often referred to as a post-war agreement, whereas in fact the agreement was made between the D-Day landing and the Soviet breakthrough against Army Group Centre in Operation Bagration. This framing contributed to the notion of a benevolent American power. Bretton Woods thus provides a simplified narrative that presents the United States as a benign hegemon while obscuring the origin of American authority.

From a historical perspective, the implementation of Bretton Woods was fraught with disasters. The conference in 1944 was followed by the UK currency crisis of 1947, which postponed the implementation of the system, and the Marshall Plan, which was actually a plan B to avoid having to implement Bretton Woods. This was followed by the devaluation of sterling and all other European currencies in order to make them more competitive, which was a huge shock to their systems, and the establishment of the European Payments Union between 1950 and 1958. Bretton Woods as originally conceived was not introduced until 1958, and it required a military crew and the installation of the Fifth Republic in France. It was Jacques Rueff’s plan to secure the convertibility of the franc, coordinated with Charles de Gaulle, that enabled France to join Bretton Woods. By the early 1960s, stress in the system necessitated the invention of swap lines as the sticking plaster that enabled it to survive. By 1967, Bretton Woods had its first big business cycle problem, and in 1971, US President Richard Nixon suspended the gold convertibility of the dollar. Bretton Woods can hardly be portrayed as a smoothly functioning driver of postwar growth.

From the political economy perspective, this fragility is hardly surprising. Large-scale organisations of this type are beset by two foundational problems. First, the original sin of such systems is that powerful actors bind themselves to shared rules undermining their own sovereignty. Unsurprisingly, the United States, the dominant player in 1944, was only lightly bound by the system. The United States retained extraordinary autonomy. The dollar was pegged to gold and everyone else’s currencies were pegged to the dollar. The Americans received exorbitant privilege. The system started when the Americans said it started, and it ended when the Americans said it ended. That is the fundamental politics of the Bretton Woods order.

Why would weaker states agree to be part of this system? Because they are weak, powerless and resentful. From a philosophical perspective, in Nietzschean terms, it is the position of subordination, the position of the Nietzschean Christians, who decided that they wanted Christianity because it would protect them. Subordinate states, like the powerless before the wrath of real power, sign up to orders given by capricious major powers because orders and rules provide them with some protection. But the real difficulty with resentful subordinates in such systems is that their resentment is real. There lies the second foundational problem: subordinate players within fixed systems with dominant players are always going to be subject to the risk of free riding.

Germany illustrates this. If over the past 80 years there has been a persistent, successful free riding smaller player within a global system hegemonised by the United States, it is Germany. West Germany in particular accumulated massive surpluses under Bretton Woods in the 1960s, which placed strain on the system and contributed to its disintegration, and has been accused of free riding under NATO since the 1990s. Germans may argue that sensible defence policy was possible because they were surrounded by friends. But from the American point of view, this looks like free riding. And that is the accusation that the US Administration has been making.

Germany's behaviour when it is powerful reinforces this perception. In the 1970s, when others pushed the country to make the Deutsche Mark a reserve currency, Bonn and Frankfurt did everything conceivable to prevent that from happening. One strategy to avoid that was the creation of the European Monetary Union, dispersing the responsibility across the eurozone. Also, Germany's behaviour during the euro crisis has not been perceived as very helpful.

Over the past 80 years, Germany has often appeared as an uncooperative player that has been highly self-righteous, quite successful and very bad at macroeconomics. A central challenge for any future global order is therefore to bring German macroeconomic and economic discourse closer in line with shared responsibilities, so that this pattern does not continue.

Contemporary reality: World order vs world ordering

Does today appear to be a moment when people want to construct a global economic order? Not sure. This is a moment of discretionary violence. It is a moment of discretionary choices for disruption.

Putin's invasion of Ukraine, Trump's trade war and Brexit are all driven by their sources of resentment, but these resentments do not determine the choices made. So, this seemingly innocent question about who will work out a new world order is actually a vertiginous void. This is not a moment for soothing bedtime stories, but to summon our wits to survive.

It is as though we are living inside a nightmarish fairy tale: swallowed by the big bad wolf, trapped inside the stomach, uncertain whether the huntsman will come and cut us free. And in that moment, we are already dreaming about new orders – but there is no new order.

Does that mean we have to abandon the virtues of order – the restrained agency, the transparency, the fairness, the functionality? No, but we have to change the way in which we think about how the world works. Rather than seeking new foundational moments, whether Bretton Woods, the Hamiltonian moment or other pivotal moments that inscribe themselves as full stops in history, we need to focus on continuous sequences, networks of action, recurring moments of choice. We need to focus on conjunctures rather than foundational moments. Rather than constitutions and orders. We might need to consider deals. Contaminated though the term has become under Trump's presidency, a good deal in which two sides can see their interests might not be the worst outcome.

Rather than focusing on world orders, we need to focus on world ordering. Rather than starting from the premise that there is one world that is the same for everyone, we need to be thinking about it from different points of view. And rather than relying on rules and constitutions to create certainty and the possibility of long-range planning by means of constraining our discretion, why not think about common plans, programmes, political commitments, scale of action and clarity of vision. We should be more in the business of producing tangible results and less concerned with worrying about norms.

In a European context, all of this sounds familiar. We have, after all, been talking about sovereignty for a while. Sovereignty means the ability to make your own rules. It exists in a dialectical relationship with order. The sovereign is the one who declares the exception, but sovereignty also requires recognition by other sovereigns.

In that context, we have also spoken about strategic choice, alliances and deals as things that Europe needs to get into the business of. The agonising truth is that this is both obviously the right answer and the right way forward, and yet it feels as though it is being continuously repeated without resolution. While President Macron in 2017 anticipated the challenges we confront now with striking relevance, they fell into a void on the German side.

We must confront the sobering reality: we have been here before; indeed, we have been here for some time. If we are still asking the same questions in 2025, we already know the answers. We see what must be done, but we will either not act at all or act too late. This train has left the station.

The future of world ordering

Some worry that perhaps it is too late for the United States to create the new world order. I find that a quite plausible though horrifying thought. What I worry about is that it may be too late for Europe, too, and in that case, where do we go next?

The answer is clearly China. But saying this out loud immediately raises objections. To claim that China is going to create the new world order is to risk being called a warmonger, because such claims provide justification for an expansion of American military expenditure.

At the same time, the idea seems blindly unrealistic. After all, who really knows what is going on in Beijing? There is little evidence that China's ambition is to create an American-style world order. This is simply not on Beijing's agenda.

This is why a shift in language is illuminating. While China may not be in the business of creating a new American-style world order, it is undeniably in the business of *world ordering*. China is not just inheriting the world the West made, including through imperialism; it is actively engaged in reshaping it, or world making.

This difference is more than methodological, it helps us to see better. China in the late 1990s effectively created a new Bretton Woods autonomously by pegging its currency in an undervalued way against the dollar, a peg that is hard to break. It has had many difficult side effects in China itself, but China can manage those. It is a way of asserting their sovereignty within this system. Chinese exports to the United States make up roughly 2.5% of global trade. And it is not even a rapidly growing part of this pie. That gives you a sense of how disoriented our discourse has become.

Global trade is dominated by two key players: one large block, which is EU trade within, and a series of networks around China, each one of which constitutes a set of connections, an act of world making, and an act of world ordering that we have to reckon with and that will shape the future. If you add up China's foreign investment, its soft power, its technological links, its increasing military presence, does it add up to an American style new world order? No, it clearly doesn't, but that is also a red herring. We have to stop thinking in those terms.

What it does constitute is a policy of connection. It may not be entirely consistent, but it is quite deliberate. And there are multiple different rationales being developed in Beijing that organise and coordinate these different elements. If there is one aspect of that that is really quite fascinating and new, it is the challenges of large nations' development on a global scale. This future that is being shaped is very likely to be formed by players, notably the Chinese, for whom the question about large national development really dominates the agenda. The EU, on the other hand, is rather focused on questions that are post-national, medium-sized and concern sustainability.

The large national development agenda is the one that the key players, who are currently actively building out systems, are going to be engaged in. Right now, we are all impatient with China claiming status as a developing economy. But unless we grasp that development is the focus, we cannot really understand what this programme of world making, of renewable energy, is about. The thing that makes it novel is not that it constitutes an order or replaces the US, but that it is actually about the realisation of a programme of development on the global scale, regardless of its consequences, which are spectacular when we think about global environmental imbalances, and in terms of shifting the balance of power going forward.