SPEECH

The order that took centuries to build

Acceptance speech by Christine Lagarde, President of the ECB, for the Wolfgang Friedmann Memorial Award 2026 at Columbia Law School in New York

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It is an honour to receive the Wolfgang Friedmann Memorial Award from the Columbia Journal of Transnational Law.

This is the first time that a central banker has received this award, which is dedicated to the memory of one of the most eminent legal scholars of his generation – as well versed in legal theory as he was in the practical realities of law.[1]

That said, I am a central banker with 25 years of experience in private international law. So perhaps that helped me to qualify.

Looking back on my career, I have come to realise that the professions of law and central banking are not so different. Lawyers and central bankers are ultimately merchants of trust.

Both law and money are institutional systems built on trust backed by authority. Laws work because people believe in their legitimacy. And money works because people believe it will be accepted as a future means of payment and broadly hold its value.

In that sense, I am among kindred spirits this evening. Everyone here understands the importance of trust.

For that reason, you will also understand why it is so alarming when trust between nations begins to erode. We hear a great deal today about a “new world order”. We are told that the old rules no longer apply, and that they were in any case merely a fig leaf – a convenient fiction that allowed the strong to dress up their interests in the language of law.

But before we accept this framing, we should examine it. In fact, the so-called new world order has something in common with Voltaire’s famous quip about the Holy Roman Empire. As he observed, it was neither holy, nor Roman, nor an empire.

In much the same way, the new world order is not new: it is a return to older patterns of coercion and mercantilism.

It is not world: most countries do not want it and did not choose it.

And it is not an order: it is the absence of one.

So tonight, I want to make the case for what is being dismantled. I will argue three things.

First, that the international order was not an imposition of the strong on the weak. It was built over centuries, by the powerful and the powerless alike.

Second, that despite the erosion of trust, the incentives for countries to cooperate remain strong.

And third, that the order can be sustained – not by clinging to the past, but through pragmatic reforms that reflect the world as it is.

What was actually built

To understand what is at stake, we need to look at how the international order actually developed, because its history tells a very different story from its caricature.[2]

In early modern Europe, the colonial system defined who possessed legal status and commercial rights.[3] It was an order built on hierarchy and force.[4]

But from the late 18th century onwards, new actors began to disrupt that order: the United States, Haiti, as well as the newly independent nations of Latin America.

Their revolts against colonial power opened the door to ideas that would reshape the world: that there should be formal limits on the use of force, crafted to protect the weak against the strong; that self-determination should provide a substitute for empire.

These principles were formalised gradually. After the end of the First World War, the foundations of the League of Nations were laid, and the norm of self-determination started to gain global traction.

Then, following the Second World War, the architecture we now take for granted began to take shape: the United Nations, the Bretton Woods system, the General Agreement on Tariffs and Trade (GATT) and later the World Trade Organization (WTO), the Non-Proliferation Treaty and the North Atlantic Treaty Organization.

Now, it is true that the United States and Europe played a central role in building these institutions and guaranteeing them. But it would be a serious historical error to conclude that the resulting order was simply a Western imposition.

It was co-constituted by countries, great and small, from across the world.

The non-aligned movement that emerged from the Bandung Conference in 1955 challenged the terms on which the post-war order was being built.[5] Resistance to Western dominance came from newly independent states, shaping the rules governing the use of force.

The trade law we know today is partly the product of former colonial countries insisting on sovereign jurisdiction over their own commodities, and of post-colonial nations uniting to push back against the protectionist policies of Western powers.

And consider what this order achieved. The period since 1945 saw the greatest reduction in interstate war in recorded history. Trade expanded on a scale never before seen, lifting hundreds of millions out of poverty.[6]

Nuclear weapons were developed but, against the expectations of many, not used. The law of the sea, arms control, global health cooperation, the framework for addressing climate change – none of these emerged by accident. They were painstakingly constructed over decades.

This is what is at stake. Not a fig leaf. Not a relic. But a system that commanded broad legitimacy precisely because it was co-constituted. Smaller countries had helped shape that system. It offered them protections that raw power never would.

That consensus held for decades. Then came a strain the system was never built to absorb. China's extraordinary rise transformed the balance of forces within the order.

The multilateral trading framework was built for a world of broadly comparable market economies, or small developing ones. It was not built for a major power whose growth model could generate trade surpluses large enough to reshape the politics of its partners.

The United States, which had underwritten the system for decades, began to lose faith that the rules were working in its favour. And once the guarantor of an order starts to doubt it, the order is in trouble.

Why the case for cooperation is still strong

But it would be wrong to conclude that we are condemned to go backwards. To unravel the connections built over decades. To slide towards a world more fractured even than the world we had during the Cold War – which, for all its dangers, still had rules.

Those who say the old order is beyond saving should contend with two facts.

The first is that the world it created remains deeply interconnected. Almost half of all trade continues to be embedded in global value chains – close to its historic peak.[7] Cross-border financial positions remain at historically high levels.[8]

Countries are intensifying efforts to reduce their vulnerabilities. But the scope for full autonomy remains a distant prospect for many key inputs and technologies. There is effectively a limit on the speed at which countries can reduce their interdependencies.

We saw this last year when the United States attempted to impose sweeping tariffs on China. Dependencies across supply chains proved too deep, forcing significant exemptions within weeks.

Countries need to step carefully here. When interdependence remains but trust has eroded, unilateral actions can quickly trigger retaliation and countries can end up in an equilibrium that nobody wants.

The International Monetary Fund estimates that severe trade fragmentation could reduce global output by up to 7% of GDP. Add technological decoupling, and losses in some countries could reach 12%.[9] If a country declares victory in that scenario, it is a Pyrrhic one.

In a world this interconnected, no country can afford to turn its back on cooperation. And at some level, most countries know this.

Which brings me to the second fact: even under extreme pressure, the international legal order has proven more resilient than its critics suggest.

China, for example, invests heavily in multilateral diplomacy, seeking to redefine norms at the UN Human Rights Council and building coalitions within existing institutions.[10] Even those who challenge the current order do so, for the most part, through its language and its tools.

And this extends well beyond the great powers. The International Court of Justice has more cases on its docket today than at any point in its history.[11] States that feel wronged still turn to international tribunals rather than abandon them.

Russia's war against Ukraine is, of course, a direct assault on the most fundamental norm of the charter. But even in response to that violation, Europe chose to act within the framework of the law, as

we saw with the immobilisation of Russia's assets.

Europe had every political incentive to seize them outright. It chose not to – not out of sympathy for Moscow, but because it understood that the legal principles governing sovereign assets are part of the architecture that protects all countries.

Compromising those principles for one case would weaken the foundations on which our financial soundness depends. That is the normative power of international law in action.

We should never forget that a world where major powers confront each other through the instruments of law, with all their imperfections and contested interpretations, remains vastly preferable to the alternative. Because the alternative is war.

What can be done in practice?

If the old order is fraying, what should replace it? History offers us two models of cooperation.

The first is what we know from 19th-century Europe: a concert of great powers, managing their rivalries through a balance of force. Some see the outlines of such an arrangement today, with the United States and China as its principal poles and the middle countries having to find a way to survive between them.

But we know how that era ended. The balance of power held for a century, until it didn't. And when it broke down, the result was the most devastating wars in human history.

The second model is harder but more durable: to rebuild trust in the system by reforming it. That means addressing head-on the problem that broke the consensus – the failure to adapt the rules as the balance of economic power shifted.

Multilateral institutions that cannot reform will not remain legitimate. But reform is not a fantasy. Despite the heated rhetoric, the WTO has hardly lost its relevance: 70% of global trade is still conducted under its rules.[12] And the major powers have not given up on it. The United States itself has put forward concrete proposals for reform.

Next month, ministers will meet in Cameroon to discuss the future of the WTO. Reform must address fairness: it is increasingly untenable that a country such as China claims exemptions designed for much poorer countries.[13]

And it must allow smaller groups of members to deepen cooperation in specific areas without being held back by others. A reformed WTO would help prevent trade disputes from escalating into something worse.

But multilateral reform will move slowly. And if we learned anything from the history I described, it is that the international order has always been built through multiple channels at once.

That is why countries that still believe in the order we built together must lead the way. That includes deepening bilateral and regional agreements.

Since 2008, the number of such agreements has more than doubled, reaching 375 last year.[14] Some argue that this undercuts multilateralism. I would argue the opposite.

Each agreement is evidence that cooperation still works. And bilateral deals can serve as laboratories for developing rules in new areas, precisely because they involve fewer parties. Agreements can be tested, refined and then scaled more widely. Several current WTO rules started life exactly this way, as coalition-of-the-willing initiatives during the earlier GATT era.[15]

We may see a similar dynamic today. The WTO was established in a pre-digital world. Digital trade provisions in more recent regional agreements, such as the Trans-Pacific Partnership, are already shaping how some WTO members approach these issues.

The European Union has been putting this philosophy into practice, concluding agreements with Mercosur and India, deepening ties with partners across Latin America and the Indo-Pacific.

These are not defensive moves. They are Europe's answer to the question of whether cooperation still has a future. In a climate where others are turning inward, the answer matters as much as the deals themselves.

Taken together – multilateral reform, bilateral bridge-building, and a willingness to hold ourselves to the standards we set for others – that is how trust is rebuilt. It is a harder path than a balance of power among rivals. But history tells us which model lasts longer.

Conclusion

Let me conclude.

There is nothing inevitable about the new world order.

The system built over centuries commanded broad legitimacy because it was shaped by countries great and small. The consensus did not collapse because the idea was wrong. It collapsed because the rules stopped evolving as the world did. That is a failure we can correct.

The interests that make cooperation possible have not vanished. Even under extreme pressure, countries still turn to law rather than abandon it.

We face a choice. We can accept the drift towards a balance of power among rivals – a model that history tells us is stable only until it is not. Or we can take the harder route: reform so that the international order regains the trust of those who have lost faith in it.

In Giuseppe Tomasi di Lampedusa's novel *The Leopard*, the young prince tells his uncle: "If we want things to stay as they are, things will have to change."

The same is true of the international order. Preserving it means reforming it with honesty, with ambition and with all those who helped build it.

The international order was forged together. Let us reform it together.

Thank you.

1.

See, for instance, Friedmann, W. (1944), *Legal theory*, London and Friedmann, W. (1964), *The changing structure of international law*, London.

2.

The over-arching argument in this section draws on the work of Matias Spektor. See Spektor, M. (2024), "The US, the West, and international law in an age of strategic competition", Brookings Institution, Commentary, 15 April.

3.

For a discussion on the relationship between imperialism and international law, see Anghie, A. (2012), *Imperialism, Sovereignty and the Making of International Law*, Cambridge.

4.

It should be noted, however, that some scholars alternatively argue that the "law of nations", or interstate law, from the 16th century onwards was not a purely European colonial construct; rather, it operated as a universal framework encompassing both European and non-European sovereigns. See Alexandrowicz, C.H. (1967), *An introduction to the history of the law of nations in the East Indies: 16th, 17th and 18th centuries*, Clarendon.

5.

Eslava, L et al. (eds.), (2017), *Bandung, Global History, and International Law*, Cambridge. See also Acharya, A. (2016), "Studying the Bandung conference from a Global IR perspective", *Australian Journal of International Affairs*, Vol. 70, Issue 4, pp. 342-357.

6.

World Trade Organization (2023), *World Trade Report 2023*, 12 September.

7.

World Trade Organization (2025), "New report finds global value chains resilient, reconfiguring amid latest challenges", 15 December.

8.

Cross-border financial positions expressed as external assets and liabilities in percent of world GDP. See Figure 1.14 in Chapter 1 in IMF (2025), "Global Imbalances in a Shifting World: External Sector Report", July.

9.

Bolhuis, M.A. et al. (2023), "The Costs of Geoeconomic Fragmentation", *IMF F&D Magazine*, June; and Georgieva, K. (2023), "The Path to Growth", opening remarks for the Spring Meetings press conference.

10.

Oud, M. (2024), "Powers of persuasion? China's struggle for human rights discourse power at the UN", *Global Policy*, Vol. 15, Suppl. 2, pp. 85-96.

11.

As of mid-2025. See Raimondo, F. (2025), "Procedural Efficiency and Institutional Strain at the International Court of Justice: A Delicate Balance", *Opinio Juris*, 24 July.

12.

World Trade Organization (2025), "*DG Okonjo-Iweala urges parliamentarians to step up support for multilateralism, WTO reform*", 16 September.

13.

As noted in the communication provided by the EU Mission to the World Trade Organization (2026), "*EU submission on WTO reform*", 22 January.

14.

Georgiadis, G. et al. (2026), "*Geoeconomics and trade*", forthcoming.

15.

For instance, the Standards Code, agreed during the Tokyo Round of trade negotiations in the 1970s, was later developed into the Agreement on Technical Barriers to Trade and entered into force with the establishment of the WTO. See Dimitropoulos, G. et al. (2025), "Plurilateralism: a new form of international economic ordering?", *Journal of World Investment & Trade*, Vol. 26, pp. 1-30.

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