

The Possibilities and the Challenges of the New International Economic Order

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Abstract

This article aims to examine the new international economic system's history, components, and criticisms (NIEO). After World War II, NIEO was largely an economic movement aiming at empowering countries to flourish. Growth in the economy should be used to improve the country's social and political conditions. There is also criticism that the existing political and economic structure favors affluent countries over rising ones, necessitating the establishment of a new one that benefits low-income countries instead. NIEO, according to Mint, is a fake and haphazardly structured group. There is no doubt that the members of the organization are split and at odds. It's been difficult for countries in developing regions to get together to work on the NIEO's goals. The New International Economic Order (NIEO) has, on the other hand, been discussed for more than four decades. Development countries quietly applaud this and regard it as the best course of action. It is still generally accepted. There is an aim to study the suggested new economic system, along with prospects as well as challenges it may impose. It's also clear from the research that the requests recognized as contributing to the NIEO have made no significant progress, particularly those that pertain to the heart of the project system. TNES is a trade phrase that refers to a nation's right to selfdetermination as well as its equal rights and obligations with other nations. It's essential to emphasize that without addressing and reaching an agreement on these core problems, no progress will be accomplished. There's no sign of a new global economic order on the horizon.

KEYWORDS: Agricultural production, Trade, Reduction tariff, Transfer technology, Finance



WORLD

Introduction

The New International Economic Order is a collection of ideas promoted by developing nations for the purpose of overcoming economic colonialism and reliance via the establishment of a new, connected economy (NIEO).

When the current international economic order was established, the majority of developing nations did not exist as sovereign entities, resulting in uneven treatment in sectors such as commerce, industrialisation, agricultural output, finance, and technology transfer. This was acknowledged in the NIEO's primary paper. A statement for international order and a comprehensive United Nations reform program were endorsed following a historic General Assembly vote on May 1st, 1974.

Despite widespread acknowledgment of the need for global economic reform in view of the ongoing destabilization of the global economy and the deepening of poverty in emerging countries, little progress has been made. Implementation of the NIEO's recommendations has been slow. As a result, optimism in its function and beneficial effect on global economies is fast dwindling. For instance, during a United Nations conference on trade and development held around that time, a number of developing nations

proposed measures such as tariff reductions and improved trading conditions for developing countries as a means of advancing their own interests. The Bretton Woods system, which benefitted the major governments that contributed to the establishment of the International Monetary Fund, such as the United States, was to be replaced with an international economic reform that favored developing countries.

This article explores the benefits and drawbacks of the New Economic Order that is on the horizon.

In today's market economies, unending economic imbalances have been followed by severe economic and political crises, posing a threat to the present international economic order and necessitating fundamental adjustments.

The NIEO was born out of a series of historical events that began with the conclusion of World War II. Numerous causes led to the collapse of the postwar economic framework and the widening of the divide between industrialized and developing nations, but they all sprang from these events. Mid-term assessments of progress toward the second development decade's objectives revealed a mixed picture. The majority of the losses happened in agricultural production and official development assistance (ODA). According to the UN, the UN's development and aim goals have been met just halfway. Emerging nations' balance of payments began to deteriorate significantly as a result of servicing past loans at a period when global poverty did not decrease. Commodity trade has made little progress, and poor countries, particularly in the agricultural sector, have lacked adequate access. Tariffs on semiprocessed and processed commodities have increased in these nations. Additionally, some industrialized nations have imposed extra tariffs and non-tariff restrictions on a variety of items, including textiles and leather goods. Second, we were concerned about the right-wing administrations in the world's least developed countries. Despite some advances, the preference for wealthy nations and the Tokyo Declaration's call for multilateral trade discussions shifted the balance of power in the wrong way, causing great discontent among poorer countries.

Another set of variables was inserted into the equation. Emerging countries have emerged surprisingly powerful economically and politically as a consequence of foreign assistance. As a result of the 1972-1973 Middle East oil embargo and the following fourfold increase in the price of oil, there was a global energy crisis that impacted all nations that imported oil. Due to their reliance on developing nations for a variety of natural resources, industrialized countries have been proven to be economically and politically dependent on emerging countries. As a result of the growing cost of chemical fertilizers, food prices will increase, as will the number of people who consume raw materials. The United States

has a number of economic challenges, including high inflation, high unemployment, and a huge amount of idle industrial capacity.

All nations were impacted by the symptoms of the collapse of the global monetary system, which worsened the industrialized countries' economic woes. Trade tensions between the US and the EU have increased, resulting in a decrease in financial help to the EU. The Bretton Woods system of floating exchange rates was adopted following the conclusion of World War II.

Due to the depreciation of the US dollar, nations began to emerge that maintained dollardenominated currency reserves. With the establishment of special drawing rights, foreign exchange hedging options and therefore access to foreign exchange were made possible (SDRs).

Economic and political dominance of the Organization of the Petroleum Exporting Countries (OPEC) over emerging nations has done nothing to enhance those countries' overall economic and political situation.

In recent years, despite considerably increased gross resource transfers from oil-exporting developing nations to oil-importing developing countries, the economic entitlement to the cost of energy has remained unchanged. Affluent nations maintain their lifestyles even while the rest of the world is unsatisfied with the functioning of the international monetary system.

These findings increased policymakers' awareness that the post-1945 system was under risk.

History

The globe did not witness the birth of a new economic structure until after World War II's decolonization.

People in newly independent countries believed political colonialism had ended, only to see it replaced with deficient economic colonialism following a period of transition.

The US began its goal to build a more equitable worldwide system in 1964, driven on by the widening divide between affluent and poor nations in terms of their proportion of global national income, which more than tripled between 1938 and 1966. The United Nations Conference on Trade and Development (UNCTAD) served as the primary

platform for debate on National Industrialization and Export Opportunities (NIEO) and associated concerns (NIEO).

The Aim of NIEO

The NIEO placed a premium on sovereignty equality and the right to self-determination, with the latter being particularly essential in respect to sovereignty over natural resources. Among the most contentious topics were international commodities agreements and the establishment of a single fund to stabilize commodity prices.

Improved trading conditions need restructuring international commerce in a number of ways, including diversifying emerging economies via industrialisation and integrating developing economies into regional free trade blocs such as the Caribbean Community. This was required.

In industrialized nations, tariffs and other trade barriers should be reduced, as should generic trade preferences and other trade agreements aimed at minimizing trade barriers. **Note:** While these ideas to reform the international economic system sought to modify the Bretton Woods system, which had benefited the founding nations, they also sought to alter the global financial system.

According to these proposals, which were particularly popular in the United States, increasing the pace of economic growth and market share among impoverished nations will better address global issues like famine and despair than the existing emphasis on charity and development aid. Lobbying by the Nations of the Niger movement may also be viewed as an extension of the decolonization movement, which was active at the time in a number of impoverished nations. The achievements of the independence struggle and the decolonization process were measured against the standard of political and economic justice.

Definition of NIEO

The International Economic Order (IEO) is a collection of internationally agreed-upon standards and processes governing international commerce in commodities, services, and capital (including currency) (IEO). One of its major objectives was to change global economic governance in order to redistribute the advantages of transnational integration more evenly to disadvantaged states. Decolonization and the establishment of a democratic global order with really autonomous states, both of which are currently occurring, contradict all of this.

Conceptual Clarification

The establishment of the NIEO is widely considered as a watershed moment in world history, having occurred during the United Nations General Assembly's sixth extraordinary session in 1975. As a result, the NIEO is intended to be based on equity and sovereign equality, as well as shared interests and cooperative efforts among all states, regardless of their social and economic systems, in order to correct existing inequalities and injustices, as well as to close the growing divide between developed and developing countries (GA). Despite its uniqueness, the concept is not entirely original. Indeed, the General Assembly (GA) approved a resolution in this manner in 1952. Since 1964, the United Nations Conference on Trade and Development (UNCTAD) has repeatedly reiterated the same proposals. A.K. DAS GUPTA created a fake character named A.K. DAS GUPTA. According to the NIEO Declaration, the timing of the disclosure is crucial.

Global economic development is the mission of the National Institute of Economic and Social Development (NIEO), which establishes cross-cutting policies and performance targets for the global community. The existing international economic system has faults, and the GATT and UNCTAD have been woefully ineffective in achieving their stated objectives. This resulted in calls for the establishment of the NIEO. The present international economic system has been demonstrated to work asymptotically. In one sense, it is skewed. The poorest countries in the south have leaned excessively on the north, benefiting the more prosperous industrialized nations. Rich countries wield considerable influence over international financial policy, humanitarian assistance, and technological transfer. Indeed, the United Nations General Assembly adopted a resolution during its seventh special session on development and international economic cooperation in 1971 that included a number of reforms in the areas of international trade and aid, as well as the international monetary system, technology transfer, and foreign direct investment. Indeed, the resolution specifically mentions international agricultural cooperation and third-world country cooperation, stating categorically that the amount of concessional financial resources provided to developing countries must be significantly increased and the flow ensured in order for developing countries to implement long-term development programs more easily. The resolution emphasizes the world's interdependence and calls for significant reforms in linked socioeconomic-environmental systems. The resolution was adopted. The newly independent sovereign states of the South have lobbied for the NIEO. Non-aligned nations have also endorsed it, speaking out against industrialized countries' politicization of trade and development concerns. Developing countries are increasingly screaming for the right to participate in decision-making processes at international institutions such as the International Monetary Fund, the World Bank, the GATT, and the United Nations Conference on Trade and Development. Over 30 years ago, in 1955,

Banduna hosted the first Afro-Asian conference, laying the groundwork for modern North-South partnership in the economic system.

Additionally, in 1973, non-aligned states submitted the NIEO's official idea in Algiers, and the United Nations Conference on Trade and Development adopted a declaration and program of action for the NIEO's creation in 1975. (UNCTAD). In 1977, as a result of negotiations between the North and the South, the industrialized nations decided to contribute an additional \$1 billion to the International Development Assistance Committee (IDAC). The Willy Brandt committee was established in 1977 with the mission of investigating the issues surrounding global economic development. For instance, a 1930 World Bank Commission report emphasizes the need of bridging political divisions.

Empirical Review

As a result, every international organization working to advance development and alleviate poverty on a global scale strives to maintain a healthy connection between the developed and developing worlds. As a consequence, officials of UNESCO and UNICEF resolved to offer many suggestions targeted at boosting economic growth in poor countries. The term "New International Economic Order" refers to suggestions made in 1974 to give developing nations in the South greater autonomy (New International Economic Order). For example, adopting this new order would enable states to work toward alleviating poverty in the developing world while simultaneously boosting trade products, taxation, imports, and exports across countries. The lack of political will and the disengagement of some states were the primary factors for the failure of the drive for a new international economic system. Despite several member states' requests, some are opposed to expanding trade ties with the South. It looks as though a line has been drawn between developed and developing countries. There was much effort put into ensuring the campaign's success and carrying out the directive, but it was a farce.

While the new laws were meant to ensure that all countries had equal economic progress, industrialized countries sought more effective ways to safeguard and strengthen their financial systems, which finally resulted in a disaster: collapse. Regardless of whether they were pleased or dissatisfied with the international organization's structure, numerous meetings were conducted to establish the new global order, but their efforts were eventually futile since the wealthy do not want impoverished people to prosper.

Conclusion

In the 1970s, developing countries submitted recommendations to the United Nations Conference on Trade and Development on methods to improve their trade circumstances, increase development funding, reduce tariffs on developed country imports, and promote

their interests. The Bretton Woods system, which benefitted the large countries that established it, notably the United States, was to be replaced with one that benefited the whole world's countries. This decree was sought for by the nonaligned movement in the United States. Finally, the NIEO concept called for fundamental changes in international trade and economic growth in order to minimize the economic disparity between developed and developing countries, as well as their counterparts in other regions of the world.

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