

The New International Economic Order [NIEO] : What It Was and Why It Matters Today

TOP 12 QUESTIONS AND ANSWERS

1. What is the New International Economic Order (NIEO), and Why was NIEO formed?

The NIEO refers to a set of proposals put forward by developing countries, also known as the Third World, to address perceived injustices in the global economic system. The primary objective was to create a new interdependent economy that would be more equitable and just, taking into account the interests and needs of developing nations.

2. Who proposed NIEO/ What prompted the emergence of the idea of a New International Economic Order (NIEO) after the Second World War? The idea of a NIEO arose from the experiences of decolonization post-World War II. Despite gaining political sovereignty, newly decolonized countries felt a shift from de jure political colonization to **de facto economic colonization**.

3. Which forum played a central role in discussing the NIEO, starting from 1964? Role of G-77? The United Nations Conference on Trade and Development (UNCTAD), along with the associated Group of 77 and the Non-Aligned Movement, served as the central forum for discussions on the NIEO from its beginnings in 1964.

4. What is the function of the NIEO? The NIEO aimed to restructure international trade by diversifying developing economies through industrialization, integrating them into regional free trade blocs, reducing developed-country tariffs, expanding trade preferences, and designing agreements to minimize trade barriers.

5. When was NIEO established? The United Nations General Assembly adopted the Declaration for the Establishment of a New International Economic Order and its accompanying program of action on 1 May 1974.

6. When did the United Nations General Assembly formally adopt the Declaration for the Establishment of a New International Economic Order? In 1974, the United Nations General Assembly formally adopted the Declaration for the Establishment of a New International Economic Order, along with its accompanying program of action. A few months later, the UN General Assembly adopted the Charter of Economic Rights and Duties of States.

7. Is India a part of NIEO? India has consistently advocated for a New International Economic Order (NIEO) through various diplomatic channels, including the UN, Non-Aligned Movement (NAM), and Third World conferences. India played a key role in the formation of the Third World and NAM, emphasizing a North-South dialogue on NIEO and fostering increased South-South Cooperation.

- The country has actively used international forums to push for this objective.
- In the 1960s, India proposed a comprehensive international policy for raw materials and commodities during Trade and Development Board meetings.
- This policy aimed to outline objectives and provide guidelines for revaluing raw material prices, ensuring a fair relationship between import and export prices for developing countries.
- India also played a significant role in amending GATT rules to allow developing nations to impose import restrictions, ultimately boosting their exports and enhancing their role in the global economic order.

8. What are the main principles/objectives outlined by the New International Economic Order (NIEO)?

The main principles of the NIEO include:

- The sovereign equality of all States, allowing them to participate in solving global problems and determine their *economic and social systems*.
- *Full sovereignty of each State* over its natural resources and economic activities, including the regulation of transnational corporations.
- Establishing a *just and equitable relationship* in the pricing of raw materials and goods between developing and developed countries.
- Strengthening international assistance *to promote industrialization* in developing countries, with a focus on providing financial resources and opportunities for technology transfer.

9. What reforms does the NIEO propose for the international economic system?

The NIEO proposes several key reforms for the international economic system:

- **Revamping Trade Rules:** This involves making significant changes to *international trade rules*, particularly in areas like raw materials, food, preferences, and reciprocity systems. It also includes addressing issues related to commodity agreements, transportation, and insurance.
- **Reforming the Monetary System:** The NIEO suggests restructuring the *international monetary system* and other financing mechanisms to better align them with the development needs of countries.
- **Facilitating Financial and Technology Transfer:** Providing incentives and assistance for the *transfer of financial resources and technology* to support industrialization projects in developing countries. This is seen as essential for diversifying their economies.
- **Encouraging Southern Cooperation:** Promoting collaboration among developing countries to enhance their individual and collective autonomy. This cooperation, termed *Economic Cooperation* among Development Countries, aims to increase participation and involvement in international trade, fostering new relationships and building collective self-reliance.

10. What are new dimensions of the NIEO?

- Recent resolution of **UNGA RES 75/225** - 30/12/2020 reaffirms NIEO.
- Stable International Financial Architecture with priorities of Growth & Development especially in developing countries. [2000-2019]
- Earlier NIEO Documents.
- Reaffirm UN MDGs. [2000-2015]
- Reaffirms 2030 Agenda for SDGs. [2015-2030] -
- Calls for eradicating poverty in all its forms and dimensions.
- Calls for commitment to achieving sustainable development in its three dimensions – economic, social and environmental.
- Reaffirm Addis Ababa Action Agenda [2015] - 7 Action Area.
- Recognises effect of COVID 19.

11. What are prevailing global concerns highlighted in recent NIEO resolutions?**Concerns include:**

- 736 million people living below the international poverty line.
- 820 million people experiencing undernourishment.
- Potential negative impacts of expansionary monetary policies, increased import tariffs, and inward-looking policies.

12. Brief History to till date about NIEO : Why did NIEO fail? Is it not? Why did the New International Economic Order NIEO initiative fade away in late 1980s?

- In the 1980s, the New International Economic Order (NIEO) faced challenges due to the worldwide debt crisis. The proposals were largely unrealized, leading to the development of the "Right to Development" in 1986.
- During this time, the Washington Consensus and neoliberal globalization became dominant, expanding the economic influence of multinational corporations. Trade shifted from state-dominated cartels to more financialized markets, facilitated by the World Trade Organization and free trade agreements.
- Some aspects of the NIEO were achieved, like the non-binding Restrictive Business Practice Code in 1980 and the Common Fund for Commodities in 1989. However, critics argue that trade negotiations, such as the Tokyo and Uruguay Rounds, did not substantially benefit developing countries.
- Developed nations, especially in the West, resisted NIEO reforms, seeing them as a threat to their economic control and sparking tensions between richer and poorer countries.
- The NIEO's ideas remain visible in policies through declarations and resolutions, and in the 21st century, the concept is endorsed by the *Group of Friends in Defense of the Charter of the United Nations*.