

New Economic Order and Third World

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Abstract - The Third World Countries were divided at the time of the Cold War, the countries that represented the "First World" was the Soviet Union, China, the United States, Canada, Japan, South Korea, Western European nations and their allies (NATO) and the countries Cuba, Vietnam and their allies represented the "Second World" and the countries that were not included in the above two groups known as third world countries, These are mostly economically poor countries and also called NAM (Non Alignment Movement) countries. Mostly poor countries have been slaves of developed countries at one time, during that time those countries exploited the natural wealth and mineral institution of the slave countries, due to which those countries became very poor. Together these poor countries formed an organization which strongly raised the demand of the developed and rich countries to create a new world economic order.

Keywords : Poor Countries, Rich Countries, NAM, Developing countries, Developed Countries, NATO

Introduction - The term international economic order refers to the restricted rules, norms and procedures that govern the international exchange of goods, services and capital. In the century before 1945, almost all global economic rules were established either unilaterally or bilaterally. The global economy for trade was born through the Cobden-Chevalier Treaty (1860) between France and Great Britain in the mid-1880. The main objective for capital markets at that time was to promote British hegemony. Because of this, large domestic markets and deep capital markets, etc., forced other countries to follow the rules of the Bank of England (Eichengreen 1996).

These global systems were temporarily suspended during the First World War (1914 to 1918) and then disbanded in 1930. The British tried very hard to maintain the pre-war situation in the field of trade, but at this time their power had weakened and the US also refused to support them (Lake 1983). The economic system of this time had high tariffs and a beggarthyneighbor system, and countries began to devalue their currency relative to other countries to balance trade. This was followed by some of the tariffs and beggarthyneighbor policies of the 1930 at the time of World War II (1939–1945). Global trade at this time had to ensure that goods were obtained without discrimination in global trade. During this time, to expand trade, the United States put pressure on all countries' currencies relative to the dollar, which could be exchanged for gold. Britain was against such a system because it undermined the British imperial system, threatened to drive its currency into the economies of war-torn European countries, and potentially hindered the independence of the countries. In 1944 a convention in Britain in Woods, New Hampshire, was reached in what (John Gerard Ruggi - 1982) famously named Embedded Liberalism. In this conference the world trading system was opened and exchange

rates of currency between countries were fixed. The governments of nations were given leeway to ensure full employment policies in their country.

The United States supported and funded the creation of international financial institutions (IFIs) to monitor and enforce the international economic order, in order to ensure the stability of systems. The International Monetary Fund (IMF) was created to prevent a participating balance of payments crisis, also known as the World Bank. Its purpose was to help the European economies recover from the war. The decision-making power of the IMF was very strong, unlike the doctrine of other international organizations.

The third phase of the international economic system proposed the emergence of the International Trade Organization (ITO), although this institution could not be formed due to lack of sentiment in the US Senate. As a result, the General Agreement on Tariffs and Trade (GATT) was originally designed as an interim facility until the ITO came into existence and became the international governing factor in trade. Between 1950 and 1970, the level of global trade doubled. In 1971 the United States abolished the one-way exchange rates fixed under the Bretton Woods Agreement. As capital controls were removed, it became impossible to maintain exchange rates between countries on a fixed way. The United States also withdrew from fixing exchange rates against the dollar with pledged gold.

Bretton Woods collapsed in 1971 and the Third World emerged as the form of G-7 group. The oil shock in 1970 gave rise to a bifurcated competitive international economic system. The G-7 countries (Canada, France, Germany, Italy, Japan, the United Kingdom and the United States) abolished the IFI to handle exchange rates for international trade. This ad-hoc arrangement was only marginally successful over the next two decades in managing the floating exchange rate system among the G-7. The original purpose of the IFI was lost at the same time as developing countries were grappling with the oil crisis of the 1970. The slow fall in commodity prices in the 1970s violated the terms of trade in developing countries and made the governments of those countries suspected of reversing market prices by developed countries. At that time the new sovereign nations of the Third World began to oppose the friendly rules of the market. Inspired by the success of the Organization of the Petroleum Exporting Countries (OPEC) in raising the price of oil, these Third World countries proposed a New International Economic Order (NIEO) at the 1974 United Nations General Assembly.

Two super powers "First World or NATO" and "Second World" were at the time of the Cold war and the countries which were not involved in this war from either side were called Non Alignment Movement (NAM) countries or third world countries or G-7 countries. In the NAM mostly less developed countries or economically poor countries included, which were mostly slaves and at that time they were heavily exploited, due to which development in those countries was crippled and the economic system came to the ground level and because of this, there was an empire of poverty in those countries. The challenge for most of the nonaligned was to be more developed economically and to live their people out of poverty. Those countries had the challenge at that time, how to develop their economy and raise the countrymen above the poverty line.

To attain complete independence with these countries, it was necessary to achieve their economic independence because till now those countries were still dependent on developed countries for their resources. So all the NAM countries or third world countries felt that by any means the country should be made

economically independent and the dependence on the developed countries should be reduced or eliminated, because those countries were still dependent on the rich countries.

To overcome all these problems, third world countries proposed to create a New International Economic Order (NIEO). In 1972, the United Nations Conference on Trade and Development (UNCTAD) presented its report on the International Economic Order. This report proposed that there is a need for global level reform of the world trading system. And for this the following measures need to be adopted-

- the natural resources of the Least Developing Countries should not be exploited by the Western Developed Countries.

- Developed countries have to open their market to third world countries so that they can sell their country's products in developed countries and thereby strengthen the economy of those countries.

- Developed countries have to give their technology to developing countries at affordable rates.

- Representatives of developing or less developed countries will have to give a big role in international economic institutions, political institutions etc. such as World Bank, World Trade Organization, IMF etc., so that they can tell their problems at the international level.

The main purpose of creating this new world order was to make the poor countries economically strong.

The economic issue was not very important in 1961 at the time of First World Summit which was held in Belgrade, but in the mid-1970s the financial issue of these countries was raised vigorously. Due to which NAM became an economic pressure group.

It included many aspects such as systematic market system to stabilize commodity prices, institutionalized form of technology transfer and change in trade rules, economic cooperation to third world countries, global liberalization i.e. foreign competition and presence of multinational corporations, development organization (OECD) markets while protecting their domestic markets. All these requests were opposed by the developed states. The massive debt crisis in the 1980 shattered the solidarity of Third World countries on the issue of NIEO. But the end of the Cold War and the rise of economic globalization expanded IFI's assigned functions, from advising transition economies to establishing common financial codes and standards, promoting democracy, combating corruption, were involved. However, the benefits of IFIs in these areas were limited to countries that could not borrow from the private capital market.

In 1955, the gate changed to the WTO. Although the WTO has strong mechanisms, the growing influence of developing countries like India, China, Brazil, has hindered its (WTO's) ability to expand its trade further. Interfaith differences within the WTO have also led to regional and tripartite trade agreements outside its scope. At the beginning of the 21st century, the international economic system has been open to trade and finance, although no clear rules have been made for this. China has emerged as a major factor in the economic system of this century and as China challenges the United States as an economic hegemony, the stability of the current system will also collapse.

Conclusion

An international economic system that systematically discriminates against a group of countries, but has an independent moral case for a just world order. Countries must be prepared to cooperate in correcting biases in market structures and government policies that are harmful to developing countries. Such reforms would contribute to a more just and acceptable world order and thereby reduce conflict among countries. This will reduce the gap between rich and poor nations, eliminate the technological gap between rich and poor countries, and increase cooperation between countries.

But overall, the prospects for establishing a new international economic order do not look particularly promising. In any case, it seems unlikely that a new world economic order will be brought about in the form of a conscious, well-planned and systematic global policy, since there is a desire for active participation of developed countries in it. Some of the smaller developed countries, notably the Nordic countries and the Netherlands, have followed it completely and explicitly.

By the way, now all the countries have promoted trade among themselves without making any concrete policy. A lot of goods from all countries have started getting in other countries. The people of developing countries have benefited greatly due to the competitive international market.

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