

NEW INTERNATIONAL ECONOMIC ORDER : INDIAN PERSPECTIVES

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Abstract :

Since 1947, India has been advocating the need for democratization of international political order and restricting of international economic relations with a view to make these just and equitable. Since sixties, India has been forcefully advocating the need to end the anomalies and the exploitative features of the international economic system which stood dominated by the rich and developed countries. The need is to make this system conducive to the socio-economic developmental needs of the developing countries.

Introduction :

India has been advocating the necessity of securing a new international economic order for this purpose. It has been using the UN platform, the NAM and the Third World conference, Afro-Asian solidarity conferences, in fact all available diplomatic channels for advocating in need for a New International Economic Order (NIEO) as the means for securing the due rights and socio-economic developmental needs of the Third World countries.

The key role of that India played in the emergence and consolidation of the Third World and the NAM as well as its continued attempts towards the securing of a North-South dialogue on NIEO and increased South-South Cooperation are ample proofs of India's commitment towards NIEO. India has always used the UN meetings, and all international conference, for strengthening the drive towards the securing of this objective.

In the sixties, India suggested, in the meetings of Trade and Development Board, the adoption of a new integrated international policy for raw materials and commodities which could spell out the objectives, and lay down guidelines for a programme of action for the revalorization of the prices of raw materials, and which would ensure a just and equitable relationship between the prices of imports and exports of developing countries. India played an important role in getting GATT rules amended to permit the developing countries to impose import restrictions which a view to improving their exports which were aimed at increasing the role and share of development countries in the international economic order.

Need for NIEO : The need for NIEO arises because of the glaring inequalities between the rich and the poor nations of the third world. The term "third world" first came to use in late fifties to designate the poor countries of Africa, Asia and Latin America. It was the fact of their being Poor, new-white and weak that gives and third world states their common identity as a group of members of International Society. A very wide gap exists between the people of advanced countries. The per capita income of about two dozen industrialized countries is about \$ 100. To quote Jan Tinbergen

The grim situation has been due the fact that the political and economic destinies of these people had traditionally been determined by other nations. The existing economic system has led to systematic, ruthless exploitation of underdeveloped world and thus widening the gap between the rich and the poor. It has served only the interests of the developed countries of North America and Western Europe. The strings of the world economic were in the hands of these countries. They faced no challenge from communist countries of Eastern Europe including the Soviet Union because of their centrally planned

economy and deliberate policy of isolation. The less developed countries of third world could not challenge the western dominated economic system because of their political and economic weaknesses. Since the beginning of the industrial era, the political power in the world has been concentrated in those countries that controlled capital and technology. Historically, political dominance took the form of colonial empire. The concentration of economic and political power in the developed states enabled them to make and impose decisions on the developing countries traded with each other and shared the same monetary system.

Another important factors which widened the gap between rich and poor nations has been the monopoly position enjoyed by the rich countries in the fields of capital and product markets. They have virtual control over the raw material markets and this practically amounts to a monopoly of manufactured products. They also have control over the capital and other services with the result, they proceeded at will to fix the prices of raw material and finished products [exporting and developing countries]. Both ways these countries were in a position to drain the resources of the third world which led to the impoverishment of the developing countries.

Sixth-UN Special Session 1974 : Before 1974, New International Economic Order (NIEO) was merely a theoretical and rhetorical phrase. It was at the sixth special session of the UN General Assembly on 01 May 1974 that a “Declaration on the establishment of New International Economic Order” was adopted and steps were initiated to translate the theoretical phrase into practical action. “ This constituted a very major move for translating the concept of NIEO into a practical action

Addressing the sixth Special Session of the UN General Assembly India’s Foreign Minister S. Swaran Singh Suggested :

1. Comprehensive policy for the revalorization of prices of raw materials;
2. Provision of Additional liquidity for specially effected countries;
3. Equitable pattern of voting rights in IMF and other international financial institutions;
4. Provision of external capital for the development of developing countries;
5. Financial and technical assistance to developing countries.

Most of these suggestions were incorporated in the declaration adopted on 01 May, 1974, by this UN Session. This declaration was entitled “Declaration on the Establishment of New International Economic Order.” This constituted a very major move for translating the concept of NIEO into a practical action

Seventh UN Special Session. : At the seventh Special session [1975] of the UN General Assembly, India’s Foreign Minister Y. B. Chavan Gave the following suggestions for establishing NIEO.

Only through voluntary transfer can developing countries acquire sort of buffer between rising bills and falling export earnings..it is a matter of great concern that while official development assistance has barely exceeded 7 billion, the world’s expenditure on the means of destruction has reached staggering proportion. Due to sharp rise in their imports, particularly fuel, fertilizers the imports bills of most developing countries have increase to such an extent that even with a 100% increase in export earnings, there is no assurance that balance will be correct or even half way met. For the promotion of trade of developing countries a more managed approach to the problems of trade in manufactures which would deal not only with the removal of trade barriers, both tariff, but also with the question of supply of production, marketing and distribution.

Playing a pivotal role at UNCTAD IV held at Nairobi, India helped in the adoption of global action to improve market structure in international structures in international trade in commodities of interest to the developing countries.

Cancun Summit Conference 1981. The Cancun summit conference was attended by 14 developing and 8 industrialized nations. The USSR refused to participate in it. The talks revolved around the predominance of power which existed with the developed nations in almost all international politico-economic institutions. Due to the divergent attitudes it was possible to reach a consensus only so far as to “launch global negotiations on a basis to be mutually agreed and in circumstances offering the prospect of meaningful progress.” The summit also agreed to promote an orderly dialogue about the energy problems which all nations have to face together and none can solve alone.

India’s Role in Emergence of NIEO : Since the Attainment of political independence, the first task before the Indian leaders has been to give priority to the urges and aspirations of the people for their economic and social uplift. For achieving this aim India needed the assistance of International environment. Briefly, it needed new technology, sophisticated equipment., new sources of supply, new markets and new financial arrangements for accelerating its development process. To this end India took the initiative for forging new links and adapting the old ones through the gradual process of change in its economic relationships.

Another significant contribution towards this end has been the collective efforts of three big leaders of non-aligned movement – Pandit Nehru [Prime Minister of India] Col. Nasser [President of Egypt] and Marshal Tito [President of Yugoslavia]. They collaborated and made the developed nations realize that poverty in any part of world is a threat to prosperity. They put forward the view that poverty and backwardness in the third world was the outcome of a “fundamental identity that they had been colonized.” The third world thanks to the efforts of its leaders, become a force to reckon with. Thus India’s role in the formation of third world was no insignificant achievement.

Besides, India was associated with associated with institutional framework of international order. Though its association was peripheral and its representatives got little opportunity in framing the procedures and provisions in the UN documents, that could help the emerging nations to achieve a measure of economic freedom, yet its contribution in 1950-60 has been significant in bringing changes in the international economic relations. Indian leaders succeeded in getting GATT rules amended to permit the developing countries to impose import restrictions with a view to improving their export potential. In the meeting trade and development Board, India Suggested the adoption of a new integrated international policy for raw materials and finished products which would ensure a just and equitable relationship between the prices of imports and exports of developing countries.

How the change Can be Engineered : Co-operation and not confrontation is needed to bring a desired change. Co-operation is the essential pre-requisite of new international economic order. The new order is not only in the interest of developing countries , but it is through the bilateral and multilateral approach that the emergence of NIEO can be visualized. Michael P. Todaro rightly observes that:

No longer can rich nations totally dominate the established international economic order without inviting harmful relations. Co-operations becomes essential. Indian leaders have been stressing this basic strategy of co-operation from time to time. The idea of confrontation, as put forward by Soekarno [1st president of Indonesia] does not appear to be relevant in the present set of circumstances. But if the developed countries show any reluctance or lukewarm attitude towards various proposals put forward by the developing countries at various international forums for the relations of new international economic order, the one way left for the developing countries is that they should form their own regional producers associations on the pattern of OPEC for increasing their bargaining power.

Prospects : Five year after the General assembly resolution for the creation of a “new international economic order” the idea of this new order has not made any headway. The Commercialization and marketing of raw materials, access by the developing countries to the investment markets and development assistance remain mere promises. Developing countries have expressed discontent with the Tokya Round Negotiations which came to an end this year. The total debt of the developing countries rose from \$ 114 billion in 1973 to nearly \$ 309 billion in 1978. The volume of official development aid has not rise in real risen in real terms since 1971. A “Code of Technology has been prepared by an expert body under the auspices of the UNCTAD. It is yet to be seen whether the code has the force of law or it remains a set of guidelines to be observed voluntarily. With the UN system there have been some significant developments. The attitude of western power was criticized at the fourth Conference of Group of 77 held at Arusha [South-south dialogue]. The conference was unanimous on the point that Western powers while coming out in words, for a change, in the international order, are in fact trying to exploit the natural and manpower resources of the third world.

Conclusion : India owes to itself and to the Third world to play its part, in consonance with its images, its ideals, its interest and its traditions. The time is ripe for India to mobilize all its intellectual resources from government departments and academic institutions and also from the public and private sector so as to prepared to move to the vanguard to the movement for modifying the international economic order. Indian leaders should not overlook the basic human needs-food, clothing, shelter, education, health etc. of the Indian people . There must be a revamping of economic development strategy. Order lie charity begins at home. Equality of opportunity within and among nations is the real meaning of New International Economic Order.

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