

New International Economic Order (NIEO)

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Description The New International Economic Order (NIEO) was a comprehensive package of multilateral policy options that aimed to improve the position of Third World countries in the world economy relative to the richest states. It came together at the Non-Aligned Movement (NAM) Conference held at Algiers in September 1973. Subsequently, the leaders of the NAM requested a Special Session of the UN General Assembly to address issues associated with international trade in raw materials. At this Session in April 1974 the Group of 77 (G-77) secured the adoption of the Declaration and Programme of Action for a NIEO despite lacking the support of the United States and a small group of advanced industrialized countries.

The NIEO's prescriptions for world trade were designed to stabilize and raise the prices of the commodities many G-77 members relied upon to earn foreign exchange, and to overcome long-term declines in their terms of trade. To improve the South's purchasing power a new institution was called for to govern the international commodity trade. A system to tie world commodity prices to trends in the prices G-77 countries paid for their imports of manufactured goods was a principal component of this proposed governance arrangement. As well, the South demanded that industrialized countries reduce tariffs and offer Southern exporters preferential access to their markets.

The program additionally sought to increase the control G-77 countries could exercise over their export industries. Foreign investors were to be subjected to a binding multilateral code of conduct. To increase the proportion of global industrial production located in the South, the NIEO aimed to facilitate the transfer of technology from the North at minimal costs. The program also called for debt relief, higher levels of development assistance, and a more powerful voice for the Third World on the boards of the International Monetary Fund and World Bank. The NIEO's backers believed that the full implementation of the new multilateral rules would effect a redistribution of global income and allow Southern countries more autonomy from asymmetrical economic relationships.

In 1975 the United States called for another meeting on the topic, and in September of that year a consensus on elements of the NIEO was reached at the Seventh Special Session of the General Assembly. To ensure the North's cooperation, the G-77 had narrowed their demands and agreed to pursue the NIEO's components through issue-specific negotiations. Afterwards, development cooperation stagnated as policy positions in each

issue-area polarized along North-South lines and multiple negotiations exhausted the South's negotiating capacities. To get beyond this divisiveness the Brandt Commission was launched.

However, following its report, then US President Ronald Regan unilaterally declared the death of the NIEO at the Cancun Summit on International Development Issues in 1981. The NIEO continued to be the South's rallying cry to generalize or globalize the benefits of embedded liberalism, though portions of it have only recently come into fashion in the North with the transnational campaign to "make poverty history."

Suggested
Reading:

Bhagwati, Jagdish. ed. 1977. *The NIEO: The North-South debate*. Cambridge, MA: MIT Press.

Cox, Robert. 1979. Ideologies and the NIEO: Reflections on some recent literature. *International Organization* 33 (2): 257-302.

Murphy, Craig N. 1984. *Emergence of the NIEO ideology*. Boulder, CO: Westview Press.