NORTH-SOUTH DIALOGUE REVISITED: PROBLEMS AND PROSPECTS FOR A NEW INTERNATIONAL ECONOMIC ORDER

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ABSTRACT

The Economic, Political and Social disparity between the developed and the underdeveloped nations has remained a sore point in international politics. The paper was a descriptive analytic exposition of the opinions expressed in current literature about this subject. Its basis of analysis is the dependency theory. The methodology employed is library research and content analysis. The South's contention is that its underdevelopment is a result of several years of slavery, colonialism, imperialism and exploitation. Efforts to move towards development had always been frustrated by the North. This, many claim has been responsible for the threat to world peace and stability in the form of terrorism and the like. For peace and stability to abide, the South has clamoured for a dialogue through which the North could accede to some concessions that would assist the South to develop. The North, it is believed would not easily give away the basis of its national power, which stems from the continued exploitation of the South. Except the South finds an alternative development path it will be a forlorn hope to expect the North to willingly work towards its development, concluded the paper.

Key words: The South, The Old World Order, The new International Economic Order (NIEO), Dependency, The North.

INTRODUCTION

The problem of underdevelopment of nation-states has assumed greater attention since the early 1960s. The issue has been predominant in discussions and had received the attention of world bodies such as the United Nations Conference on Trade and Development (UNCTAD). The North-South dialogue, which constitutes the major area of this discussion, is basically a reflection of the struggle by the developing countries for a new international economic order (NIEO). Specifically, the Countries of the South are requesting for a change in the economic policies that were initiated after the Second World War and which have continued to favour the developed nations. To effect this change, they are asking for a revision of the Bretton Woods agreement, which has continuously pushed the developing countries further into poverty.

This study views the world as dynamic, moving through perennial paradigm shifts in thought, developments, and power relationships, there has been a stage of the cold war vis-à-vis ideological confrontation and nuclear proliferation. The old World order was one dominated by the prevalent cold war between the East and the West. There were military defiance and ideological crisis, capitalism and socialism. However, with the systematic collapse of socialism in “Eastern Europe and other frontiers of socialism in the world, another order is emerging that is moving towards a market oriented economy which is aimed at creating avenues for development. The dialogue arose as a result of the gap created over the years, and the South is clamouring for change that will allow it to control the prices of its products. And as primary producers, they intend to aspire to compete favourably with the manufacturing countries of the North in what are regarded as a New International Economic order (NIEO).

The inevitability of a new world order dawned on the world in 1991 when the over seventy years old socialist governments of the Soviet Union, collapsed. Before the collapse of the Soviet Union, the world
was already taking a new shape, in that there were moves by the then super powers, the United States of America and the Soviet Union for a reduction in their defence budgets as well as their nuclear arsenal to ensure a safe world, devoid of imminent nuclear extermination. The world is now in a situation where bi-polarity has been broken and uni-polarity is the order. To the South, the emerging order is of serious concern. Till date, the South’s involvement in world politics and economy has been peripheral and subservient. In fact, it remains relegated to the background in the scheme of things.

### Theoretical Explanation

This paper is anchored on the dependency theory. The theory is premised on the assumption that forces that are bent on continuous exploitation of the resources of the countries within the South have impeded the progress of the South. This capitalist trend can only be held at bay if only the global system can undergo fundamental changes that will alter the structural relations between the industrialized North and the pauperized South (Chazan et al 1988:16). Dependency theory contends that the unequal relations between the Third World countries, otherwise known as the South, is a result of circumstances which have enabled the North to benefit at their expense. The New International Economic Order (NIEO), if implemented, will restructure the economic relations between the poor and rich nations of the world.

One main difficulty with the dependency theory relates directly to its assessment of the future of developing countries. The Theory has been almost uniformly pessimistic in its evaluation of the prospects that would come to the countries through the New International Economic Order (NIEO). (Chazan et al, 1988)

The major strength is that it has provided potent insight into the nature of the constraints on Third World development. Its strength lies first in the importance it attributes to external factors in the explication of the countries’ predicament. By highlighting international structure variables, dependency analysts have placed specific policy actions in proper perspective. This theory is relevant to this paper because the clamour for a New International Economic Order (NIEO) by the South is basically prompted by its desire to improve its leverage in the global system.

### Conceptual Clarification

#### The North Explained

The North is made up to the industrialized countries of North America, Western Europe and Japan. The situation of the global economy is such that the North with a quarter of the world’s population controls four fifths (4/5) of the world’s income. On the other side of the Spectrum lies the South consisting of Africa, South America and Asia.

The South makes up three quarter (3/4) of the world’s population, yet, it has access to only one fifth (1/5) of the world’s income. Life expectancy in the North averages 70 years, while it is just 50 years in the South (Mimiko, 1997:38).

The countries of the North are those with liberal industrialized economies where private enterprises hold away. They are also countries with liberal democracies and they all have advanced social welfare schemes for their citizens. Only a small percentage of the citizens are engaged in agriculture but because the system is mechanized, they produce enough food to feed their people and also have excess to export to the countries of the South. Politically, they are very stable with well-developed democratic institutions. Brandt’s report indicates that 95% of the people in the North have enough food to eat, have a relatively functional education as well as comfortable shelter, but the reverse is the case for 95% of the inhabitants of the South (Ajayi, 2000:1999).

Furthermore, 90% of the world’s manufacturing industries are located in the North and about 85% of manufacturing enterprises in the South are actually owned and controlled by business concerns in the North. The North owns almost 95% of the world’s patent right and new technologies. The North controls virtually the information technology that has given birth to the various devices such as Internet, World Wide Web, and Voice typing cyber café, Electronic transfer and Digital telephony.

#### The South Examined

On the other side of the divide are the countries collectively referred to as the South. Geographically, they are those largely in the Southern part of the equator and they are in Africa, Asia and Latin America. The South is characterized by very low production capacity with monoculture economies. Majority of the inhabitants are engaged in agriculture. They are therefore price takers. The
countries of the North determine the prices of their primary products as well as the prices of the finished products, which the South imports from them. They lack social welfare schemes and democratic principles are yet to be imbibed by most of the countries; hence they are prone to political instability. The South lacks appropriate technology. Bereft of political stability, their economies are disarticulated, while their foreign exchange earnings depends on primary product exports, the prices of which are falling (Mimiko, 1997). To worsen the situation, they have little control over exports and they are debt ridden and almost certain to act as a market and conduit of raw materials for the developed countries (Patricia, 2003:2).

The Old World Order

The major components of the Old World Order were characterized by a bipolar structure between the West (US) and the East (Former USSR) in which they used their confrontational power politics and hegemonic spheres of influence to impose a Cold war on the whole world. This consequently resulted in a polarized, paralyzed and impotent United Nations; thus breeding arms race, balance of terror politics, environmental degradation, Nuclear Bomb capability proliferation, Terrorism, Drug trafficking, Balance of payment problems, Large trade imbalances worsening poverty, Famine, Proxy wars, Refugee crises and a high frequency of coups d’ e tat in the third world, with economic marginalization of the Less Developed Countries (LDC), culminating in a world dichotomized ideologically into East versus West and split economically into North versus the South. It was a world in which the International Monetary Fund (IMF) approached the third world debt with the definite aim of getting the South to pay up and at the same time ensuring that the South’s markets remained wide open for transaction penetration and exploitation. Also, it was a world where the five members of the United Nations (UN) Security Council were far equal than the remaining 179 Members states; a world in which the global economic tempo was dictated by the Nations of the G-7, to the misery of the rest.

The New International Economic Order (NIEO)

The programme of action of the establishment of this New International Economic Order (Resolution 3202) served as the active search for a new system of economic relations that was expected to provide improved opportunities for the world’s millions who live on the verge of absolute poverty and starvation, and for many states, especially in the South having serious economic difficulties and bleak future prospects (Jones, 2004:1).

There was indeed, an urgent need for a New International Economic Order (NIEO). To be sure, more than half of the world’s ever growing population is faced with gross deprivation, undernourishment or inadequate balance diet, poor sanitary conditions, sub-standard housing, poor health care, non-functional education, insufficient or non-existence employment opportunities, polluted environment and inadequate social services. Mankind has failed to channel the world’s resources rationally and equitably. Precious foodstuffs are wasted while thousands are starving to death daily either as a result of war and famine or both. Raw materials are also wasted while others are left unexploited and where they are; they are imperfectly distributed among the populations (Polsby et al, 1975).

Examination of the North-South Dialogue

The dawn of the 1970s was viewed by Third World countries with a certain sense of hope that the decade would usher in a new era in the relations between the rich and the poor nations of the world. They perceived that the old form of economic and political dependency would fade away and a new age of equality of opportunity would emerge. Emboldened by this belief in the righteousness of their cause and in the inevitability of historical forces, the Third World countries gathered together under the formal banner of a New International Economic Order (NIEO) and initiated the North-South dialogue (Nye, 1992). This development came through the 6th and 7th special sessions (1974 and 1975 respectively), of the United Nations General Assembly. Agreement was secured as a result of the 1973/74 OPEC instigated oil crisis. As a result of the Arab oil boycott of western nations, oil prices rose by 344% between February 1973 and January 1974. The Oil bill of industrialized oil importing countries rose by $75 billion between 1973 and 1974 (Mimiko, 1997). It was hardly surprising to see the countries of the North agree on the need for negotiation for a New World Economic Order (Brown, 2004:2).

The first major fundamental historical process that culminated in the emergent call for NIEO was the International social and political climate that developed after World War II. This climate encouraged the liquidation of the remaining colonies,
and brought to the international scene many newly independent nation-states whose status were declared to be sovereign and equal to that of all other independent states including their ex-colonial masters.

The historical process that gave the majority of the World’s population sovereignty and equality left them at the same time in a position of economic dependence and inequality. This triggered the second set of factors configuring the content for the emergence of the NIEO. These factors became known as the “Revolution of rising expectation”. This is the urgent and understandable desire of the peoples of the South to liberate them from neo-colonialism.

The third factor was the sudden and unexpected rise of the Third World’s economic and political power. This was as a result of the OPEC; 1973 Middle East Oil embargo and the subsequent fourfold increase in the price of oil that created a world energy crisis. This affected all oil importing countries-developed as well as developing. It also exhibited the dependence of the developed countries on the developing ones for several major natural resources and fuelled the ability of the Third World to effectively wield economic and political power not minding the fact that power was grossly eroded over the years (Olaniyan, 1989).

Objectives of New International Economic Order

The Objectives of the NIEO are not designed simply to reallocate wealth from the world’s rich to the world’s poor. The objectives are also:

(i) To cope with the gamut of issues relating to development, including international trade, finance, technology, industry as well as social, institutional and political issues;

(ii) To create an interdependent and stable economic environment with reliable process and policies, and the participation for increase social development and;

(iii) To eliminate major structural imbalance and perceived injustices. (Odesola, 1990).

Substantive Issues in the Demand for NIEO

The Countries of the South believe that the North is responsible for their basic poverty through conducts like slavery, colonialism and neo-colonialism. Ake (1981) supported the view in his assertion that the ominous debt crisis of Africa lies in the massive pillage of Africa’s natural resources caused by years of slavery and colonialism. Rodney (1982) corroborated this position when he averred that colonialism was one of such means of exploitation experienced by third world countries. The Countries of the South further claim that financial institutions like the International Monetary Fund (IMF), World Bank and Trans-national Corporations (TNCS) are channels through which the industrial North further pauperized the South.

Having felt that the United Nations Conference for Trade and Development (UNCTAD) would not assist much in their quest, the countries of the South decided to canvass more vigorously for the following issues, which are at the base of the North-South dialogue.

The South is demanding for an indexation scheme linking the prices of the North’s manufactured products with primary products from the South. (Mimiko 1997:30) observes that since the 1960s when most African nations attained independence, earnings on export have progressively diminished. For instance, between 1986 and 1988, he affirms, Africa alone lost $50 billion yearly, that is, about a quarter of its total income mainly because of the fall in commodity prices. Conversely, the prices of manufactured goods are constantly increasing in the World market.

Secondly, the South is demanding for the transfer of appropriate technology from the North to the South. If this request were granted, it would enable the transformation of the South from raw materials and primary producers to manufacturers of finished goods like the North (Mimiko 1997)

Fourth, the South is requesting for debt relief. They are demanding a review of the debts owed by them with a view to canceling or rescheduling them; and also a review of the general conditions of borrowing (Huskey, 2003:2).

Fifth, the South wants to be represented in the decision-making organs of the United Nations including the International Monetary Fund (IMF), World Bank and the Security Council (ibid).

Finally, many other demands are made by the countries of the South, among which are; joint ocean exploration and management; an end to brain drain,
international solution to food crisis, a regime of control over the activities of Trans-national Corporations (TNCS), as well as provision of increasing aid and transfer of capital to the Third World.

The major criticism against this phenomenal call as viewed by Western scholars is that it is simply a call for an increasing flow of wealth to the poor countries’ ruling elites. Though they agreed with the need for rapid development of the poor countries, they cast doubt on the ability of NIEO to achieve it. It is thus considered that, as long as there are hierarchical social structures supported by self centered and powerful elites in the recipient countries, economic benefit accruing to these countries go primarily to the elite and leave the rest of the populace to continue to wallow in abject poverty (Laschio, et al).

Problems of North-South Dialogue

An examination of some of these demands by the countries of the South will make one to consider it wishful thinking for anyone to expect that most of these demands can actually be met. This is because the superiority of the North actually resides in some of these factors, and it would be virtually impossible to let go. The way the International capitalist system operates presupposes that there will always have to be some countries that will provide the raw materials for the development of the North. While there have actually been concessions in terms of debts relief, debt forgiveness and other forms by the countries in the North the activities of most leaders in the countries of the South have not been too encouraging. A situation whereby money is stashed away by leaders in developed countries’ banks does not show that the countries are actually in need of any major revision of the global economic policies. Most of these countries do not even utilize the grants or loans in profitable ventures and so it is difficult to expect returns. Also owing to the turnover of regimes in these countries, the new leaders pretend as if nothing is wrong with the early borrowings, only for them to also procure new loans.

Transfer of appropriate technology is also wishful thinking because there lays the factor that actually upholds their superiority. The technology of the North has become so advanced that it would actually take many decades for some of the countries in the South to catch up. We have seen situations where technology is imported, only for the operation to be faulty because of lack of sustained electric power supply. Take for instance, the GSM base stations in Nigeria, which have to run on diesel generators for 24 hours a day instead of being connected to Power Holding Company of Nigeria (former NEPA) grid.

Also, the activities of multinational companies cannot really be curtailed in most of these countries because these companies have collaborators at the top echelon of the ruling class. This is why they keep on getting away with nefarious actions in the developing countries. A good example is the activities of MTN and CELTEL before GLOBACOM came into the communication scene in Nigeria. Also, the oil giants always succeeded in dividing nationals of Nigeria against themselves.

On a final note, it can be argued that for as long as the international system remains the way it is, a success of the North-South dialogue occasioned by the various demands will be a mirage. The North will definitely continue to give concessions but they will never give in to most of the demands of the South. Also, as long as conditions continue to be deplorable in the countries of the South, their citizens will continue to migrate to places in the North where their services will be better appreciated and rewarded. The problems of the South can thus be summed up as follows:

(a) **Monoculture Economy:** The problem with the North-South dialogue is the monoculture economy of the countries of the South. The nature of the economy will not give it the power to bargain from a position of strength with the North.

(b) **Corruption:** Another major problem of the South is pervasive corruption that has engulfed the countries. For examples, Nigeria officials were discovered to have been involved in shady deals with Halliburton of the USA.

(c) **Capacity Development and Utilization:** The countries of the South should push for capacity development. At present, capacity development and utilization of the South’s resources is at very low ebb.

(d) **Nature of Leaders:** The leaderships in most countries of the South are comprador agents. They are merely interested in the gains of their foreign partners as against the interest of their people.

(e) **Re-orientation:** Instead of the countries of the South to continue to agitate for a New
International Economic Order (NIEO), they should be interested in a New World Economic and Social Order (NWESCO). This is the sense in which NEPAD becomes meaningful.

Prospects for the North-South Dialogue

The possibility of creating (NIEO) through the North-South dialogue appears elusive. In other words, it is obvious that the countries of the North will not be willing to commit a sort of class suicide, that of giving away the source of their power and wealth. It is therefore a futile exercise to talk of a New International Economic Order, while the wealthy nations continue to have their club summit amidst growing poverty in the Third World. Hence, Huffman (1991:119) recommends aptly that, the South should among other things, do the following:

(i) **Self Reliance**: The countries of the South should look inwards for their development. They should move from the level of monoculture economies to economic diversification.

(ii) **South-South Options**: Rather than expecting manna from the countries of the North, the South should explore the South-South option, i.e. improve trade relations with fellow countries in the underdeveloped World.

(iii) **Re-orientation**: Another prospect for the South is for these countries to jettison the idea of relying on the North for their development.

(iv) **Disengaging from the global economy**: If possible, the countries of the South should disengage completely from the present global system that has made their raw products less competitive.

Conclusion

The Western development model, which characterizes global economic relations and political development of the North, continues to thrive at the South’s detriment. To complicate the situation, there is no discernible urgency on the part of the developed countries in so far as addressing the predicament of the countries of the South is concerned. Although a New International Economic Order (NIEO) is necessary, it is not a sufficient condition for the creation of a better world order. The New International Economic Order (NIEO) should be viewed as an evolving and dynamic process. The defining characteristics of the New International Economic Order (NIEO) is the attempt to eliminate economic injustice and install equal opportunities conducive to the unfolding of productive capacities capable of responding to basic needs in all parts of the world.

Whichever way it is put, either as New World Order (NWO) or New International Economic Order, both terms appear fashioned towards bringing about the protection of fundamental human rights, multipartism, democratization, equity, justice, liberalization and free-market economy (Akindele op. Cit).

As brilliant and as noble in intent as these ideas are, their non-implementation and neglect have rendered them destined for the dustbin of history as creations of policy makers to stock the archives. One wonders whether any “new order(s)” really exist(s) that is different from the “old order(s)”. Economic inequality is all-pervading still, and the world itself is less secure and stable than before. The “New World Order” (economic, political or social) is yet to usher in any reign of peace contrary to expectation.

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