

# Globalization and Africa: Issues and Prospects of the New International Economic Order (NIEO)

Eneemaku Idachaba<sup>1</sup>

<sup>1</sup> University of Ibadan

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## Abstract

This paper investigates the problems militating against the realization of the NIEO. The paper then examines the globalization of the world economy and the economic transition in Central and Eastern Europe, being the two most important economic processes at work in recent years. The negotiations for the NIEO, therefore, cover two broad spectrums of concern to Africa namely, international monetary matters and trade. The paper argues that the multiple transitions involved in globalization, liberalization and democratization, have been implicated in the increase in violence, economic marginalization and criminal behaviour in Africa. The main results of this investigation underscore the fact that only industrialization in Africa will effect a change and have a more (resource) distributive relationship between the West and the continent. Cooperation with one another in economic affairs is indispensable for the realization of economic self-reliance in Africa. The mutually beneficial political and economic relationships between elites in the West and African countries would maintain the structural pattern of dependency in the global economy.

## *Index terms—*

## 1 Introduction

he paper is about international issues and problems and actions being undertaken to deal with them. Despite the strides Africa has made for decades, it finds itself more isolated and ignored than at any time in recent memory. The paper explores the backgrounds and reasons or justifications for the NIEO: What provoked the demand for it? Is it real or mere rhetoric idealism? The paper examines the problems or obstacles militating against its realization, new challenges, opportunities and prospects for the NIEO; the implications of the evolving international landscape (since the collapse of communism in the Union of Soviet Socialist Republic (USSR); What can be done toward a fairer redistribution of the world's resources, and the task of the South1 particularly African countries vis-à-vis that of the North (the developed countries). Have the African States gained or lost international influence/relevance with the end of the Cold War rivalries? Have regional conflicts become easier to settle, or have new ones arisen to take their place? How has the end of the supper power conflict changed the relative power of African states within their own regions? How has it affected their internal political structures -in particular, has the victory of liberal democracy at the global level really enhanced its prospects outside Europe?

Author: University of Ibadan. e-mail: enemaku@yahoo.com It lays emphasis on emerging debates concerning the direction of contemporary globalization and altered structures of international governance and regulation; spatial dimensions of economic coordination: tensions between globalization and social systems of production. It examines issues and prospects relating to internal order to complement a new international economic order. This also includes an examination of the complex interplay of past continuities and present day changes in an increasingly unified Europe by looking at national experiences and at the broader international and institutional context. It questions the difference globalization can make to a transition economy in a situation where domestic investment is not recovering and where there is still no clear-cut upward trend in levels of production.

The two most important economic processes at work in recent years are the globalization of the world economy and the economic transition in central and Eastern Europe and the former Soviet Union. Flowing from this are related issues such as increased financial aids, reducing or cancelling the debt burdens of many African countries; improve access to developed countries' markets, changes in the international marketing and pricing of primary commodities (unequal exchange) transfer of technology among others. It goes to say that, given the present philosophies, practices and orientation, the much clamoured New Order will be a mirage rather than a reality. This is because the importance of globalization was not utilized as an entry point for critical discussion at a time when the global economy faces its most serious crisis, thereby confirming the inherent instability of the system.

It is in the light of this that the paper X-rays Africa's plight in search of a new order; analyzes the roles of transnational corporations (TNCs) and financial institutions; examines the process of NIEO rhetorics against the background of conflicting interests; examines inconsistencies, hypocrisies, contradictions and even out right deceptions highlighted in the operation of the present system and/or the globalization; examines the global change, the future of African states, international political economy, international law and the United Nations (UN), sheds light on the relationship between national policies, regional integration patterns and the wider global setting; explores and assesses the attainability of NIEO within the context of globalization; brings into sharper focus alternative method of analysis various factors influencing growth processes in Africa and lays the basis for most influential theoretical ideas and their application to critical policy questions concerning the post -Cold War International Order.

## 2 II.

### 3 World Inequality: The Result of Imperialism

The 1974 Declaration of Programme of Action adopted by the United Nations General Assembly (UNGA) called for the establishment of a NIEO which shall correct inequalities, redress existing injustices, and make it possible to eliminate the widening gap between the Northern and Southern countries. Such a struggle has naturally, political undertone which starts with changing Africa's understanding of the situation.

This paper discusses major obstacles in the way of realizing Third World (Africa) demands and the future prospects for their realization. This is done by delving into the political economy of international relations and by trying to highlight the organisational issues and institutional lopsidedness perpetually in favour of the Northern but detrimental to the South. The intensifying under-development of Africa by imperialism has been outlined as Africa remains locked in the international capitalist system which continues to block all hope of sustained economic development and human liberation.

The international economy is about nationstates and is determined by events in these states. In fact, there are parallels in history to what is happening in the international economy today and the NIEO of today cannot be fully appreciated unless it is set against the background of the rise and fall of previous World Monetary Systems and international economic orders. The paper then traces the genesis of the present international economic order to the break down of the World Monetary Systems from Gold Standard through the collapse of the Bretton Woods system on August 15, 1971 to the present floating exchange standard system. Like the one before it the current system has been imposed on the world economy by sheer force of circumstances and so the search for a new World Monetary System continues.

Since late 1974, the World Capitalist system has been in recession -a product of the anarchic unplanned character of the capitalist economy. Everywhere industrial production has been lower, workers have lost jobs and the living standard of the general masses have been under attack and falling. This has landed most African countries in greater and greater debts. As African countries stuck ever deeper into debt, they are forced to recycle back to the imperialist countries an ever bigger slice of their meager export earnings in the form of interest payments and debt repayments.

This lesson has perhaps been learned best by Germany, Japan and the "tiger" economies of East and South East Asia, these states have recognized that success in the global market place requires heavy investment, particularly in infrastructure and in education and training as well as state support to build up export industries and acquire modern technology. National governments, in other words, can still make a difference. National level processes may increasingly have been superseded by global ones, but the result is an economy in which local, national and global factors interact and where governments that understand the dynamics of globalization have some capacity to shape its direction.

## 4 III. nieo: Conceptual and Theoretical Exploration

The Radical and classical schools: the New International Economic Order conveys different meanings and expectations depending on where one stands; in the South or the 'North'. The radicals believe in eliminating any international obstacles to the development of the Third World in which Africa belongs. While the classical actors are bent on nurturing the continuity of the political and economic systems of the North, the radicals demand for its reformation. But the orthodox actors being the creditors and owners of technology ultimately must have a final say in the event of any transfers or concessions to the developing countries. In short, what the radical school wants is simply a fairer or better still, equitable, redistribution of world resources.

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The radicals would opt for a complete relaxation of the protectionist policies of the developed world, cancellation of debts of the developing countries of Africa, control of the activities of the TNCS and free access to world capital and technology. But for the radical school, protectionism is also a survival tool in a competitive world. Thus in the protection of national interests, tariff and non-tariff restrictions are placed on most imports in order to preserve employment at home.

## 5 Year 2016

In addition, the radical actors would prefer to give priority to investment security especially the battle against inflation and unemployment on the agenda of NIEO. However, both the radical and classical actors use the socialist and Keynesian arguments of international political economy interchangeably to buttress their opposing points.

Meanwhile, it is useful to remember the historical forces underlying the emergence of the global South (the "Third World") as an analytical as well as a political concept.

Those who learned to regard themselves as its members shared important characteristics and experiences. Most were colonized by people of another race, experienced varying degrees of poverty and hunger, and felt powerless in a world system dominated by the affluent countries that once, and perhaps still, controlled them.

The persistent underdevelopment of (most) developing African countries explains their drive for greater wealth and a better life for their people, but their place in the configuration of global power, economic as well as political significantly shapes their pursuit of these goals. The international division of labour that emerged during the colonial era when developing nations became exporters of raw materials and other agricultural products and importers of manufactured goods persistent long after imperialism and, according to dependency and world system theorists, contributed to their underdevelopment. Thus, a new international division of labour is emerging as production, capital, labour, and technology are increasingly integrated worldwide and decision making becomes transnational. The old ideas of national autonomy, economic independence, self-reliance, and self-sufficiency have become obsolete as national economies are increasingly integrated and the state becomes the agent of the international system. But not all global South economies are positioned to survive in this competitive global environment. Many African countries continue to remain heavily dependent on raw materials and other primary products for their export earnings. Nonetheless, the economies of the African countries will not be immune from the rapid globalization of the world political economy now underway.

The idea of a North-South divide was popularized through the work of the so-called Brandt Reports: North-South: A programme for Survival (1980) and Common Crisis: North-South cooperation for World Recovery (1983). Although the division of the world into a 'North and a South' is based on the tendency for industrial development to be concentrated in the Northern hemisphere (apart from Australia), the terms are essentially conceptual rather than geographical. The concept of the North-South divide drew attention to the way in which aid, third-world debt and the practices of MNCs help to perpetuate structural inequalities between the high-wage, high-investment industrialized North and the low-wage, low-investment, predominantly rural South. The Brandt Reports also highlighted the interdependence of the North and the South, emphasizing that the long-term prosperity of the North is dependent on the development of the South.

Globalization is the domination of the capitalist world by one most powerful country. This domination is being aided by the so-called shrinking of the world thanks to modern technology, in which the USA is a pioneer. While some may benefit from such integration into the world capitalist economy and prosper, others may become more vulnerable to crises and fluctuations prevalent in capitalist cycles.

Impoverished and dependent, much of the (African States) is ill-equipped to reap the benefits of global interdependence. However to cope with dominance and dependence thus remains a continuing theme in the African Countries' search for wealth as well as power. Several of their strategies as they relate to the Global North, therefore warrant attention.

Globalization is a complex web of interconnectedness that means that our lives are increasingly shaped by decisions and actions taken at a distance from ourselves. It implies that nation states can no longer be viewed as independent actors on the world stage. However, it may mean not that the state is irrelevant, but that its role has changed and now largely relates to the promotion of international competitiveness. International politics has been analysed in a number of ways. Idealism adopts a perspective that is based on moral values and legal norms. Realism emphasizes the importance of power politics. Neo-realism highlights the structural constraints of the international system. Pluralism advances a mixed actor model, and it stresses a growing diffusion of power. Marxism draws attention to economic inequalities within global capitalist system. The balance of the global economy has shifted. The growth of multinational corporations means that states are no longer the only, or perhaps no longer the most significant, economic actors. Moreover, the emergence of rival trading blocs suggests a 'war of the world' scenario, and global inequality has increased through the economic decline of sub-saharan Africa and the advance, in particular, of the states of the Asian pacific region.

## 6 a) UN Structure for Global Economic Cooperation and

European Integration Process: Lessons for Africa However, the capacity of the UN to play meaningful role is restricted because of the unwillingness of states to commit resources to the cause of collective security, the unequal

distribution of responsibilities in the new international system and the difficulty of finding a new role for the UN in a world that is no longer structured by East-West rivalry of old. and conflict, although countries always wish to penetrate the markets of other countries, they do have an equally strong incentive to protect their own markets from foreign competition. Historically, the cause of free trade has been embraced by economically dominant powers (the UK in the nineteenth century, and the USA in the twentieth century till date) which wished to encourage weaker states to open up their markets while they themselves had little fear of foreign competition. In a multipolar global economy, the danger of rival trading blocs being formed is always acute. Tendencies in this direction have already been apparent in the form of pressure to turn the EU into "fortress Europe", the establishment of the North American Free Trade Agreement (NAFTA), which encompasses the USA, Canada and Mexico, and moves by Japan to consolidate her relationship with China with a view, perhaps, to creating an extended East-Asian trading bloc that would dwarf those of North America and Europe. The successful completion in 1993 of GATT negotiations (GATT was replaced by the World Trade Organisation in 1995) has helped to keep the war of the worlds at bay but there is little doubt that the balance of the global economy has shifted decisively.

While economic growth has stagnated amongst the rich industrial countries of the West, the newly industrializing countries (NICs) of the developing world, notably the Asian "Tigers" on the eastern rim of the pacific basin have experienced strong and sustained growth. One consequence of this, among others, is that, in order to compete in world markets industrialized countries are increasingly being forced to find ways of promoting labour flexibility and cutting production costs. Meanwhile, endemic poverty and sometimes declining living standards afflict peripheral regions of the world economy, particularly sub-saharan Africa. Global tensions have come to be seen less in terms of East versus West and more in terms of a "North-South divide". Ironically, this global economic imbalance has in part, been used by industrialized states to promote trading relationships and economic dependence i.e. (aid as trade) or to exert political or ideological influence i.e. (aid as imperialism). Hence globalization does not necessarily mean the eclipse of the nation state as an economic actor (economic sovereign).

More so, economic sovereignty can now be consigned to the dustbin of history. National governments are being forced to work harder to make their societies more internationally competitive.

While the North's economic recession may remotely degenerate into a depression, the South has been virtually submerged into economic destitution. The main reasons for this rather dismal state of affairs could logically be traced to the appalling economic mismanagement of the South. But there is hardly any reasonable doubt that the situation has been aggravated by the North-inspired economic traps, among which are the crushing debt burden; low commodity pricing, IMF/World Bank sponsored policy of liberalization of imports and deregulation without ensuring institutional checks-and-balances; uncontrolled privatization in a milieu that is riddled with abject poverty, corruption and, worst of them all, a one-way capital flight to the North.

The emerging nations of Africa were born into a political economic order with rules they had no voice in devising. Krasner on structural conflict encapsulates the contest between North and South of the globe as the NIEO turns on questions of who would govern the distribution of world wealth and how they would make their choices. Not surprisingly, the Global North rebuffs the South's efforts at reform, and the North-South exchange gradually degenerated into a dialogue of the deaf. So the Global South's determination to replace the existing structures and processes of the world political economy with a NIEO is now little more than a footnote to the history of the continuing contest between the world's rich and poor states. Hence the growing inequality in a society in which the rich become richer and the poor poorer, while at the same time a uniform type of development is forced on all countries and regions of the world "in a world of competing states," political economist Robert Gilpin (1987) notes, "the nationalist considers relative gain to be more important than mutual gain".

The underdeveloped countries began to call for basing trade between the industrialized capitalist 'North' and the underdeveloped 'South' on new terms in place of capitalist aid which always had undesirable strings attached. The call for industrial Capitalist trade with underdeveloped countries on terms that recognized the latter's weakness was dubbed the advocacy of a New International Economic Order. The advocacy of NIEO was opposed by the Organisation of Economic Cooperation and Development (OECD). Structural Adjustment Programme (SAP) was launched to halt the call for NIEO of which the United Nations Conference on Trade and Development was the sound board. Sequel to the retreat of the socialist and national liberation revolutions, the call for NIEO ended and "dollar globalism" has taken off.

At the same time, globalization is not a bad thing in itself. In fact, some argue that it is potentially the most effective way to end world poverty and spread the benefits of modernization in the world.

Liberalism involves understanding the structures of comparative advantage and the international division of labour in a market economy consisting of producers and consumers who exist, somewhat incidentally, in different political systems. It Structures are politically contestable in the sense that they confer advantages on some and disadvantages on others. Hence the political organization of the international system reflects the power relations of the transnational market economy. Indeed, the tension between liberalism and mercantilism applies broadly to the issues that animate the world political economy.

With the failure of reform envisioned in NIEO, the integration of Africa into the process of globalization will occur according to the rules dictated by the North. Are there alternatives? Do regional arrangements enable Global South States to take advantage of growing economic interdependence to achieve their goals of enhanced

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wealth and a better future for their people? In Africa where they all tend to export the same products or to have virtually no trade with one another, failure is more likely. In a nutshell, prospects for the success of regional trade regimes seem greatest when African countries cobble their futures to Northern states -but, of course, on terms that the North dictates. That conclusion hardly augurs well for regional economic arrangements as means to end long-established patterns of dominance and dependence between North and South.

In the post-cold war era, the barriers between countries have come down. But is it true in the case of Africa and the Global North? However, with globalization, the interdependence of East Asia, Africa, Europe and America is enhanced. In fact, the future will see more competitive advantage, and Africa will be dominated unless they can interlink with powerful partners in their region. This, without a shadow of doubt, is already happening now in the post GATT era with respect to ASEAN Countries when confronted with the New World Economic Order whereby world economic super powers (not just the US) are feverishly involved in their own regrouping and strategic actions on trade to ensure their continued oligopolistic shares of world trade. The fear of losing hegemony worldwide makes these super powers advocate the resurrection of Bretton Woods institutions to effect structural adjustments in their own favour forever.

## 7 b) Critical Analytical Framework

The critical reflection upon the moral claims of the international "community" tradition and the commitment to placing the victims of the society of states at the centre of theorizing open up into a form of "critical international community." A critical account emphasizes the concerns and interests of the less powerful while not ignoring the constraints imposed by the Powerful exploring how the society of states might become more hospitable to the promotion of justice in world politics. Critical theory's project placing the powerless, the developing and the dispossessed at the heart of theory is a pretence which masks the coercive nature of an order policed and dominated by the great powers.

Critical theory attempts to question the definition of international community as based on "Shared Values". But its challenge here will be its ability to reflect upon the question of shared values without undermining its principles. Critical theorists are sensitive to the dangers of a few Western States setting themselves up as guardians of the World Common good.

For critical theorists the society of states is part of the problem of global "human wrongs", but it is also an essential part of the solution. The society of states is morally valuable because its shared practices of sovereignty and non-intervention provide for coexistence between culturally diverse states, and without order there can be no prospect of justice. Critical theory takes as its starting point some aspect of human activity (distributive justice) which leads towards the construction of a larger picture of the whole, and seeks to understand the processes of change in which both parts and whole are involved. Hence its relevance to this article. It usually has a very powerful ethical component to it as derives from this a critique of the contemporary international system as "unjust" or "exploitative" (in various ways and to various degrees).

It also tends to stress the emancipatory capacities inherent in human life which for various reasons, the international system inhibits or suppresses. Writers who offer different versions of this position are; Andrew Linklater and Mark Hoffman, both influenced by Mervyn Frost, and Robert Cox (who is strongly influenced by Marxist scholars especially Gramsci).

Critical international theory poses fundamental questions relating to historical-sociological analysis of the structures of modern world politics; the philosophical critique of particularism and exclusion, and the philosophical enquiry into the conditions under which emancipation in World politics is possible. The theme common to all three areas is that the sovereign state is a central actor on the world stage, which must be accounted for in social and historical terms. It is the foremost example of a particularistic or exclusionary political institution; and, as a result, it is a formidable obstacle to emancipation. Critical international theory's aim of achieving an alternative theory and practice of international relations centers on the possibility of overcoming the sovereign state and inaugurating postsovereign world politics. It is this critical analysis of state sovereignty, which is emerging as the central object of critical international theory just as it is for postmodernism. The success or not of critical international theory will depend on its ability to develop analyses which advance the practical political task of While focusing on Africa, many of the ideas, concepts and issues it raises are relevant across Third World Countries -offers salutary lessons at a time when the international community is struggling to define global policies for conflict prevention, mitigation and resolution. In particular, it highlights the need for a more critical understanding of the nature and dynamics of globalization and its North-South implication for dichotomy given the multifaceted nature of the problem. A constant theme of this work is the need for basic first step: to question current paradigms for analyzing the nature of, and responses to, the NIEO demand by understanding why such paradigms prevail, whose interests they serve, and how they can be challenged and modified. Finally, such a discourse is part of a process of creating improved mechanisms of accountability and effectiveness in a world order that has so far promised, but failed to deliver equity and peace and the good life, especially in the developing nations of the world and Africa in particular.

IV.

## 8 Conclusion

Most issues raised in this article are central to the current state of our subject. It has been clearly and authoritatively shown that the concern is mainly with economic marginalization and economic regression of Africa relative to other regions of the world and the diminishing importance and relevance of Africa to the global economy. It then goes to conclude that internal reforms are not enough to reverse the outflow of resources from African countries and generate sustainable rapid economic growth. In addition, researches pertaining to globalization so far are peripheral in their theoretical focus and most suggested approaches and arguments put forward are becoming increasingly weak, unworkable and even wrong in some cases. The phenomenon of globalization requires a far more critical approach than is present today. Therefore, new theoretical initiatives such as attempted in this article are required to unravel them. The article is to facilitate the filling of the gap in the theoretical focus of the literature reviewed with a view to evolving: a more humane and generally applicable theory of globalization that is Africa-friendly in all its ramifications; an agenda in the light of the current changes in the international scenario, for new challenges and opportunities which are capable of facilitating the realization of the NIEO moreso when most international issues today are centred on or revolve around economics.



Figure 1: