

Economic impact of the un on world trade in the 20th century



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Many different sources went into providing an in depth response to the question, “ What economic impact did the United Nations have on world trade in the 20th century?” Two of the most important sources used were *The Reconstruction of the International Economy, 1945-1960* by Barry Eichengreen and *International Business: Opportunities and Challenges in a Flattening World, v. 1. 0* by Mason A. Carpenter and Sanjyot P. Dunung.

The Reconstruction of the International Economy, 1945-1960 is a historical journal published in 1993. The author, Barry Eichengreen, is very educated in both history and economics, receiving his masters in History from Yale University in 1978 and his Ph. D. from Yale University in 1979. He wrote this piece in an effort to analyze the way that the international economy reacted and responded to the economic crisis caused by the Second World War. He also analyzed the different forces in play that caused the economy to react the way that it did. This work is valuable because of the insight it gives to the situation being analyzed. Eichengreen, as a professor of history and economics, has access to a lot of information relating to international economics. He is also very skilled at interpreting the extent to which certain forces impacted the economy. For this reason, this source gives an accurate overview of the international economy between 1945 and 1960. This document is limited, however, in the sense that it was written and published before the end of the 20th century. This means that the document does not give insight into the rest of the century, and so it is limited in the information that it contains. Furthermore, since it was published before the end of the

century, it fails to understand the long term effects of the events that occurred during the time period.

International Business: Opportunities and Challenges in a Flattening World, v. 1. 0 by Mason A. Carpenter and Sanjyot P. Dunung is a book written in an attempt to analyze the changing international economy. Carpenter received his Ph. D. in 1997 from the University of Texas. He is currently a professor at the University of Wisconsin. Dunung has considerable experience in educating different cultures. Carpenter's knowledge of history along with Dunung's ability to understand multiple cultures allows them to accurately come to conclusions about the international economy. This document is valuable because it analyzes the trends in international economics and gives a good idea of the forces at play in international economics. It also shows the different ways that the United Nations referees the international economy. However, it is limited in the sense that instead of analyzing specific instances in which the United Nations interfered in the international economy, it simply discusses general trends and the general methods the United Nations uses. Because of this, the source tends to be general in its information.

Word Count: 470

Section 2. Investigation

According to Article 1 of the Charter of the United Nations, one of the purposes of the United Nations is to, " achieve international co-operation in solving international problems of an economic, social, cultural, or humanitarian character, and in promoting and encouraging respect for human rights and for fundamental freedoms for all without distinction as to <https://assignbuster.com/economic-impact-of-the-un-on-world-trade-in-the-20th-century/>

race, sex, language, or religion.” The United Nations is an organization that seeks to maintain peaceful relations between major powers. Because of the far reach of this organization, the effects of their policies and actions have far reaching effects socially, politically, and especially economically. Through policies that maintain peace and aiding in the negotiations of trade agreements, the United Nations has had a major positive effect on international trade between 1945 and 2000.

Prior to the formation of the United Nations in 1945, the world economy was in disarray. During this time period, the economy saw, “ the almost total cessation of normal international economic relations” (Eichengreen 1). This lack of trade along with debts from the war left many economies in poor shape. Poverty was at an all-time high, while international GDP was at an all-time low. Many industrial countries found it difficult to import raw materials for their factories. On the other side, many countries that export raw materials found it hard to find markets to sell their goods. This general disruption of trade left many economies staggering and struggling.

However, the birth of the United Nations soon saw the recovery of many economies. Trade was soon established between countries that had just recently been at war and the international economy began to grow. World trade has a major effect on international economies as, “ there is a strong positive correlation between growth in per capita income and growth in trade,” (Roser). World trade managed to grow about eight percent annually from 1950 to 1965. And in fact, international GDP per capita grew at a steady rate and did not once decrease from 1960 until the end of the century. In 1960, the world GDP stood at 1. 353 trillion US dollars as <https://assignbuster.com/economic-impact-of-the-un-on-world-trade-in-the-20th-century/>

compared to the 33. 391 trillion US dollars that it stood at when the century ended.

The United Nations has enacted a multitude of policies in order to facilitate the expansion of international trade. The UN has created a series of 10-year International Development Strategies in order to develop smaller countries that may be rich in resources and could have a beneficial impact on international trade. This plan was set into place by the General Assembly in 1960 and continued throughout the rest of the century. Furthermore, they work with agencies that, “ provide technical assistance and other forms of practical help to countries around the world. In cooperation with the UN, they help formulate policies, set standards and guidelines, foster support and mobilize funds” (United Nations). Although the United Nations is not the only organization that worked to benefit international trade in the second half of the 20th century, it was the common denominator in many instances and acted as the main organizer of other separate efforts.

The role of the United Nations in maintaining peace has a major impact on international economics. According to *International Business: Opportunities and Challenges in a Flattening World*, “ military conflict can be extremely disruptive to economic activity and impede long-term economic performance.” Through peace, businesses find it easier to find and hire qualified workers, work with less regulations to due lack of war time restrictions, and find that international trade is made easier through easier currency exchange. When countries are at war, many qualified workers are working either in the military or in a field that ties directly to the military in

order to help the war effort. Also, trade between foreign countries that are at war with each other is very difficult because there are generally greater tariffs and restrictions on trade between companies in these two areas. In general, peace is good for business and the world economy as a whole.

The United Nations completed more than 20 missions all around the world between 1945 and 2000 in an effort to maintain international peace. One of the earliest examples of these missions was their role in the end of the India-Pakistan War in 1947-48. This war began when India gained its independence as a colony from England in 1947. The colony was split into India and Pakistan. However, there was considerable debate between the two over who would get control over the state of Jammu and Kashmir. This eventually led to a war that was quickly stopped due to United Nations mediation.

This action had significant impacts on international economies. India is a major exporter of oil, textiles, engineering goods, and jewelry, while Pakistan exports rice, cotton, tiles, surgical instruments, and rugs among other goods. Without the mediation of the United Nations, these two countries would have continued to fight. They would have spent valuable resources on the war instead of focusing them on producing goods for trade. This has benefited the countries that trade with them because they now have more access to the goods that these countries produce. This single conflict, had it not been stopped by the United Nations, would have had a serious negative impact on the international economy by hurting trade and reducing both imports and exports. On a grander scale, the fact that the United Nations has organized

negotiations many times shows how they have had a great impact on maintaining international trade and improving international economies.

Although the evidence points to the United Nations as one of the major powers that influenced the growth of international economies after 1945, some historians disagree. Eichengreen claims that the Bretton Woods Agreement was one of the most important policy changes that benefited economies, and this occurred without the aid of the United Nations. The Bretton Woods Agreement gave rise to the International Monetary Fund, the World Bank, and the International Trade Organization. This immediately paved a path for the reintroduction of international trade between nations that had very recently been at war with each other.

The steady growth of international economies and the continued peace between major powers indicates that the United Nations played a greater role in international economics than the Bretton Woods Agreement. Although the Bretton Woods Agreement provided immediate trade relations, “ there remained considerable disagreement between the British and Americans over the particulars of the Bretton Woods Agreement” (Eichengreen 4). In addition, one of the organizations that the agreement created was the IMF, which along with the World Bank are, “ twin intergovernmental pillars supporting the structure of the world’s economic and financial order,” (Carpenter). Yet, historians claim that the IMF, “ played little role in international monetary affairs until the end of the 1950s. The quick transition to current account convertibility envisaged by the framers of the Bretton Woods Agreement never came to pass” (Eichengreen 4).

In summary, the United Nations has had a major positive impact on international trade during the 20th century. The United Nations mediated in international conflicts multiple times in the 20th century and has also helped enact trade agreements. All of these actions have been shown to have been beneficial to the international economy based on steady GDP growth throughout the 20th century and a quick recovery from the poor international economic situation during which the United Nations was created.

Word Count: 1225

Section 3. Reflection

This investigation has been a great experience for me. I have learned a lot about the process of gathering information from different sources and drawing a single conclusion. When I began this assignment, I knew little about the process that historians actually go through when writing historical analysis reports. I had the misconception that historians simply gather information that all seems to support a single thesis. However, I did not realize history is not black and white. This major issue is one of the biggest challenges that historians face.

In my own investigation, I found that a single event could have been caused by multiple different causes. For example, *The Reconstruction of the International Economy, 1945-1960* by Barry Eichengreen shows the different events that helped the economy respond to the crisis immediately following the Second World War. He shows that both the United Nations and the

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creation of different organizations such as the IMF, the World Bank, and the ITO all contributed to the economy's recover. I was challenged and tasked with analyzing which factor impacted the economy the most.

Encountering this in my own research showed me the importance of understanding the values and limitations of different sources. Being able to evaluate sources and try to extract accurate information from them is the job that historians are faced with. In this way, I learned that the work of a historian involves more than just gathering and discussing information. Historians are tasked with analyzing the information they use and being able to draw conclusions based on their analysis.

When I conducted this investigation, I saw this dilemma first hand. Although I had a variety of sources of information that were all credible in their own way, I had to draw my own conclusions from the sources and be able to support my ideas. I value this experience because I feel that I have learned not only what historians have to do, but I have also gained the skills needed. I feel that in the future I will lean on this experience as a guide to any historical analysis that I encounter. The insight I have gained from this experience is valuable and the ability to draw my own conclusions is something I will use in the future.

Word Count: 377

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