

New international economic order (nieo):

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In order to switch from the old economic order we need a better order where every nation can be comfortable. New international economic order was put forward by the developing countries during the 1970's at the U. N.

conference on trade and development in order to improve their trade terms, assistance in development, reduction in tariff for the developing countries, etc. It was proposed to replace the Breton Woods system in the international economy, which favoured the leading countries like U. S. In 1974, the U. N.

General Assembly adopted The Declaration for the establishment of a New International Economic Order, which was focused on the restructure of the world's economy that will enhance the participation of and the benefits of the developing countries. Problems of the developing countries that led to the NIEO: A serious blow was suffered by the developing countries in 1975 due to global recession and inflation that started in 1974 which led to the world trade reduction, hike in oil prices, foodproblems, and the international monetary instability which resulted in the demand for a new international economic order.

The balance of payments deficit of the non-oil-producing developing countries rose enormously leading to reduction in imports and foreign exchange reserves and the even debts also mounted. As the developing countries were facing horrible situation, they requested the stabilization of primary commodity prices so as to stabilize the expansion of their real export earnings.