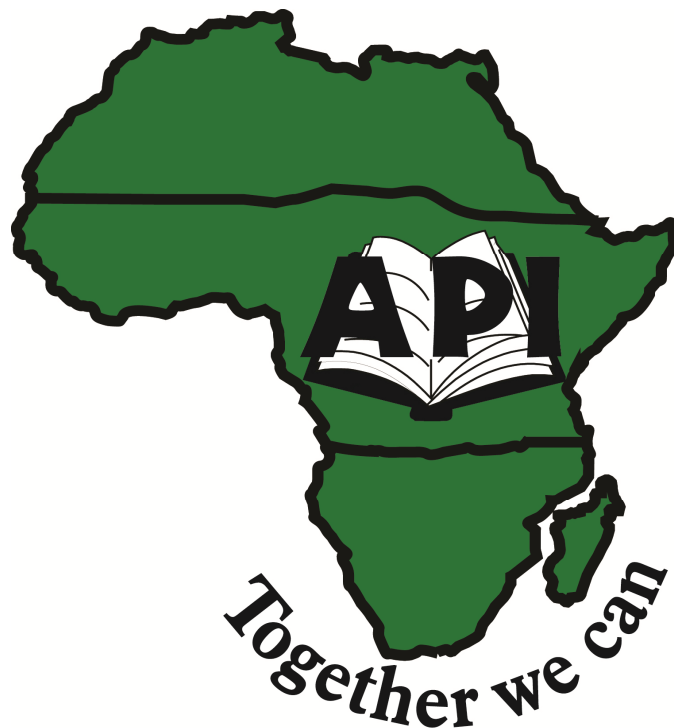


**AFRICA POPULATION INSTITUTE
(API)**



**INTERNATIONAL RELATIONS MANAGEMENT
TERM ONE STUDENT'S MODULES
(IRM)
Contents**

| | |
|-----------|------------------------|
| APDIR 101 | International politics |
| APDIR 102 | Economics Theory |
| APDIR 103 | International law |
| APDIR 104 | Computer Applications |

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Course Unit Name: International Politics

Course Objective

By the end of this course unit, students should be able to explain the history and development of international relations through use of different theories. They also understand lessons that can be drawn for their respective country's economic development. Students also got to identify inter-governmental organizations and show its success and failures in the promotion of world (international) relations

Course Content

International relations
History of international politics
Theory of international politics
Concepts is international relations
Systematic tools of international relations
Institutions in International relations
United nations
Human rights and humanitarian assistance
Social and Economic Development
Controversy and criticisms
Arab - Israel conflict
Political Economy
Political History of the world
State Institutions
Objections and use of term

Mode of delivery

Personal study
Face to face lectures
DVD/VHS
Online presentations

Assessment

Course work 40%
Exams 60%
Total Mark 100%

International Politics

International relations (IR) or **International Studies (IS)** represents the study of foreign affairs and global issues among states within the international system, including the roles of states, inter-governmental organizations (IGOs), non-governmental organizations (NGOs), and multinational corporations (MNCs). It is both an academic and public policy field, and can be either positive or normative as it both seeks to analyze as well as formulate the foreign policy of particular states. It is often considered a branch of political science.

Apart from political science, IR draws upon such diverse fields as economics, history, law, philosophy, geography, sociology, anthropology, psychology, and cultural studies. It involves a diverse range of issues including but not limited to: globalization, state sovereignty, ecological sustainability, nuclear proliferation, nationalism, economic development, global finance, terrorism, organized crime, human security, foreign interventionism and human rights.

History

The history of international relations is often traced back to the Peace of Westphalia of 1648, where the modern state system was developed. Prior to this, the European medieval organization of political authority was based on a vaguely hierarchical religious order. Westphalia instituted the legal concept of sovereignty, which essentially meant that rulers, or the legitimate sovereigns, had no internal equals within a defined territory and no external superiors as the ultimate authority within the territory's sovereign borders. A simple way to view this is that sovereignty says, "I'm not allowed to tell you what to do and you are not allowed to tell me what to do." Classical Greek and Roman authority at times resembled the Westphalian system, but both lacked the notion of sovereignty.

Westphalia encouraged the rise of the independent nation-state, the institutionalization of diplomacy and armies. This particular European system was exported to the Americas, Africa, and Asia via colonialism and the "standards of civilization". The contemporary international system was finally established through decolonization during the Cold War. However, this is somewhat over-simplified. While the nation-state system is considered "modern", many states have not incorporated the system and are termed "pre-modern". Further, a handful of states have moved beyond the nation-state system and can be considered "post-modern". The ability of contemporary IR discourse to explain the relations of these different types of states is disputed. "Levels of analysis" is a way of looking at the international system, which includes the individual level, the domestic nation-state as a unit, the international level of transnational and intergovernmental affairs, and the global level.

What is explicitly recognized as International Relations theory was not developed until after World War I, and is dealt with in more detail below. IR theory, however, has a long tradition of drawing on the work of other social sciences. The use of capitalizations of the "I" and "R" in International Relations aims to distinguish the academic discipline of International Relations from the phenomena of international relations. Many cite Thucydides' *History of the Peloponnesian War* as the inspiration for realist theory, with Hobbes' *Leviathan* and Machiavelli's *The Prince* providing further elaboration. Similarly, liberalism draws upon the work of Kant and Rousseau, with the work of the former often being cited as the first elaboration of democratic peace theory. Though contemporary human rights is considerably different than the type of rights envisioned under natural law, Francisco de Vitoria, Hugo Grotius and John Locke offered the first accounts of universal entitlement to certain rights on the basis of common humanity. In the twentieth century, in addition to contemporary theories of liberal internationalism, Marxism has been a foundation of international relations.

Theory

IR theories can be roughly divided into one of two epistemological camps: "positivist" and "post-positivist". Positivist theories aim to replicate the methods of the natural sciences by analysing the impact of material forces. They typically focus on features of international relations such as state interactions, size of military forces, balance of powers etc. Post-positivist epistemology rejects the idea that the social world can be studied in an objective and value-free way. It rejects the central ideas of neo-realism/liberalism, such as rational choice theory, on the grounds that the scientific method cannot be applied to the social world and that a 'science' of IR is impossible.

A key difference between the two positions is that while positivist theories, such as neo-realism, offer causal explanations (such as why and how power is exercised), post-positivist theories focus instead on constitutive questions, for instance what is meant by 'power'; what makes it up, how it is experienced and how it is reproduced. Often, post-positivist theories explicitly promote a normative approach to IR, by considering ethics. This is something which has often been ignored under 'traditional' IR as positivist theories make a distinction between 'facts' and normative judgments, or 'values'.

During the late 1980s/1990 debate between positivists and post-positivists became the dominant debate and has been described as constituting the Third "Great Debate" (Lapid 1989).

Positivist Theories

Realism

Realism focuses on state security and power above all else. Early realists such as E.H. Carr and Hans Morgenthau argued that states are self-interested, power-seeking rational actors, who seek to maximize their security and chances of survival. Any cooperation between states is explained as functional in order to maximize each individual state's security (as opposed to more idealistic reasons). Many realists saw World War II as the vindication of their theory. It should be noted that classical writers such as Thucydides, Machiavelli, and Hobbes are often cited as "founding fathers" of realism by contemporary self-described realists.^[citation needed] However, while their work may support realist doctrine, it is not likely that they would have classified themselves as realists (in this sense of the term). Realists are often split up into two groups: Classical or Human Nature Realists (as described here) and Structural or Neorealists (below).

Liberalism/idealism/Liberal Internationalism

Liberal international relations theory arose after World War I in response to the inability of states to control and limit war in their international relations. Early adherents include Woodrow Wilson and Norman Angell, who argued vigorously that states mutually gained from cooperation and that war was so destructive to be essentially futile. Liberalism was not recognized as a coherent theory as such until it was collectively and derisively termed idealism by E. H. Carr. A new version of

"idealism" that focused on human rights as the basis of the legitimacy of international law was advanced by Hans K ochler.

Neoliberalism

Neoliberalism seeks to update liberalism by accepting the neorealist presumption that states are the key actors in international relations, but still maintains that non-state actors (NSAs) and intergovernmental organizations (IGOs) matter. Proponents such as Maria Chattha argue that states will cooperate irrespective of relative gains, and are thus concerned with absolute gains. This also means that nations are, in essence, free to make their own choices as to how they will go about conducting policy without any international organizations blocking a nation's right to sovereignty. Neoliberalism also contains an economic theory that is based on the use of open and free markets with little, if any, government intervention to prevent monopolies and other conglomerates from forming. The growing interdependence throughout and after the Cold War through international institutions led to neoliberalism being defined as institutionalism, this new part of the theory being fronted by Robert Keohane and also Joseph Nye.

Regime Theory

Regime theory is derived from the liberal tradition that argues that international institutions or regimes affect the behavior of states (or other international actors). It assumes that cooperation is possible in the anarchic system of states, indeed, regimes are by definition, instances of international cooperation.

While realism predicts that conflict should be the norm in international relations, regime theorists say that there is cooperation despite anarchy. Often they cite cooperation in trade, human rights and collective security among other issues. These instances of cooperation are regimes. The most commonly cited definition of regimes comes from Stephen Krasner. Krasner defines regimes as "institutions possessing norms, decision rules, and procedures which facilitate a convergence of expectations."

Not all approaches to regime theory, however are liberal or neoliberal; some realist scholars like Joseph Greico have developed hybrid theories which take a realist based approach to this fundamentally liberal theory. (Realists don't say cooperation *never* happens, just that it's not the norm; it's a difference of degree).

Post-positivist/reflectivist theories

International society theory (the English school)

International society theory, also called the **English School**, focuses on the shared norms and values of states and how they regulate international relations. Examples of such norms include diplomacy, order, and international law. Unlike neo-realism, it is not necessarily positivist. Theorists have focused particularly on humanitarian intervention, and are subdivided between solidarists, who tend to advocate it more, and pluralists, who place greater value in order and sovereignty.

Nicholas Wheeler is a prominent solidarist, while Hedley Bull and Robert H. Jackson are perhaps the best known pluralists.

Social Constructivism

Social Constructivism encompasses a broad range of theories that aim to address questions of ontology, such as the Structure and agency debate, as well as questions of epistemology, such as the "material/ideational" debate that concerns the relative role of material forces versus ideas. Constructivism is not a theory of IR in the manner of neo-realism, but is instead a social theory which is used to better explain the actions taken by states and other major actors as well as the identities that guide these states and actors.

Constructivism in IR can be divided into what Hopf (1998) calls 'conventional' and 'critical' constructivism. Common to all varieties of constructivism is an interest in the role that ideational forces play. The most famous constructivist scholar, Alexander Wendt noted in a 1992 article in *International Organization* (later followed up by a book, *Social Theory of International Politics* (1999)), that "anarchy is what states make of it". By this he means that the anarchical structure that neo-realists claim governs state interaction is in fact a phenomenon that is socially constructed and reproduced by states. For example, if the system is dominated by states that see anarchy as a life or death situation (what Wendt terms a "Hobbesian" anarchy) then the system will be characterised by warfare. If on the other hand anarchy is seen as restricted (a "Lockean" anarchy) then a more peaceful system will exist. Anarchy in this view is constituted by state interaction, rather than accepted as a natural and immutable feature of international life as viewed by neo-realist IR scholars.

Critical international relations theory

Critical international relations theory is a set of schools of thought in international relations (IR) that have criticized the status-quo—both from positivist positions as well as postpositivist positions. Positivist critiques include Marxist and Neo-Marxist approaches and Neo-Gramscianism. Some may also consider Social Constructivism as a positivist theory. Postpositivist critiques include postmodernist, postcolonial and feminist approaches, which differ from both realism and liberalism in their epistemological and ontological premises. Critical theory is also widely deployed by scholars working in this area.

Such theories are now widely recognized and taught and researched in most universities, but are as yet less common in the United States. They are taught at both undergraduate and postgraduate levels in many major universities outside the US, where a major concern is that "a myopic discipline of IR might contribute to the continued development of a civil society in the U.S. that thinks, reflects and analyzes complex international events through a very narrow set of theoretical lenses.

Marxist theories

Marxist and Neo-Marxist international relations theories are positivist paradigms which reject the realist/liberal view of state conflict or cooperation; instead focusing on the economic and material aspects. It makes the assumption that the economy trumps other concerns; allowing for the elevation of *class* as the focus of study. Marxists view the international system as an integrated capitalist system in pursuit of capital accumulation. The ultimate goal of Marxist theory is to transform the international society into a collective utopia.

Social Constructivism

Social Constructivism is an attempt at bringing some of the epistemological and ontological premise of postpositivistic theories into positivism. Its proponents claim it is a middle ground between positivist and postpositivist theories. Social Constructivism focuses on the power of ideas in defining the international system—its founder, Alexander Wendt, noted that *anarchy is what states make of it*, implying that the international structure is not only a *constraint* on state action, but in fact *constitutes* state action through constituting the identities and interest of state agents.

Criticisms

Social Constructivism is considered by many postpositivists as being positivist as the focus of analysis is the state (*at the ignorance of other factors such as ethnicity, class, race or gender*); and considered by many positivists as postpositivist, as it forgoes many positivist assumptions.

Postpositivist theories

Postpositivist (or reflectivist) theories of IR attempt to integrate a larger variety of security concerns. Supporters argue that if IR is the study of foreign affairs and relations, it ought to include non-state actors as well as the state. Instead of studying solely *high politics* of the state, IR ought to study world politics of the *everyday world*—which involves BOTH high and low politics. Thus, issues such as gender (*often in terms of feminism which generally holds salient the subordination of women to men—though newer feminisms allow for the reverse too*) and ethnicity (*such as stateless actors like the Kurds or Palestinians*) can be *problematized* and made into an international security issue—supplanting (*not replacing*) the traditional IR concerns of diplomacy and outright war.

The postpositivist approach can be described as *incredulity towards metanarratives*—in IR, this would involve rejecting all-encompassing stories that claim to explain the international system. It argues that neither realism nor liberalism could be the full story. A postpositivist approach to IR does not claim to provide universal answers but seeks to ask questions instead. A key difference is that while positivist theories such as realism and liberalism highlight *how power is exercised*, postpositivist theories focus on *how power is experienced* resulting in a focus on both different subject matters and agents.

Often, postpositivist theories explicitly promote a normative approach to IR, by considering ethics. This is something which has often been ignored under traditional IR as positivist theories make a distinction between positive facts and normative judgements—whereas postpositivists argue that *discourse is constitutive of reality*; in other words, that it is impossible to be truly independent and factual as power-free knowledge cannot exist. (#)

Postpositivist theories do not attempt to be scientific or a social science. Instead, they attempt to in-depth analysis of cases in order to "understand" international political phenomena by asking relevant questions to determine in what ways the status-quo promote certain power relations.

Feminism

Feminist IR is a broad term given to those scholars who have sought to bring a concern with gender into the academic study of international politics. In terms of IR theory it is important to understand that feminism is derived from the school of thought known as reflectionism. One of the most influential works in feminist IR is Cynthia Enloe's *Bananas, Beaches and Bases* (Pandora Press 1990). This text sought to chart the many different roles that women play in international politics: as plantation sector workers, diplomatic wives, sex workers on military bases etc. The important point of this work was to emphasise how when we look at international politics from the perspective of women we are forced to reconsider what we think international politics is 'all about'. However, it would be a mistake to think that feminist IR was solely a matter of identifying how many groups of women are positioned in the international political system. From its inception, feminist IR has always shown a strong concern with thinking about men and, in particular, masculinities. Indeed, many IR feminists argue that the discipline is inherently masculine in nature. For example, in her article "Sex and Death in the Rational World of Defense Intellectuals" *Signs* (1988), Carol Cohn identified how a highly masculinised culture within the defense establishment contributed to the divorcing of war from human emotion.

What is evident, therefore, is that a feminist IR involves looking at how international politics effects and is affected by both men and women and also at how the core concepts that are employed within the discipline of IR (e.g. war, security etc) are themselves thoroughly gendered. It should also be noted that feminist IR has not only concerned itself with the traditional focus of IR on states, wars, diplomacy and security - feminist IR scholars have also emphasised the importance of looking at how gender shapes the current global political economy. In this sense, there is no clear cut division between feminists working in IR and those working in the area of International Political Economy (IPE).

Feminist IR emerged largely from the late 1980s onwards. The end of the Cold War and the re-evaluation of traditional IR theory during the 1990s opened up a space for gendering International Relations. Because feminist IR is linked broadly to the critical project in IR, by and large most feminist scholarship has sought to problematise the politics of knowledge construction within the discipline - often by adopting methodologies of deconstructivism associated with

postmodernism/poststructuralism. The growing influence of feminist and women-centric approaches within the international policy communities (for example at the World Bank and the United Nations) is more reflective of the liberal feminist emphasis on equality of opportunity for women.

Criticisms

By focusing on 'traditional' women's roles (as victims or being *used* by men), feminist IR may exclude those women participating as diplomats or soldiers as well as ignoring men's issue such as why it is generally *men* are forced to fight in wars. Furthermore, as with criticisms with feminism in general, feminism almost always treats women as the subject of analysis at the exclusion of men—whether as agents or victims. In defence, some feminisms do consider men—though it still often makes the assumption that due to patriarchy, a certain, *rational man* is privileged. This may result in a confirmation bias.

Two of the most well known scholars to raise criticisms of feminist IR have been Robert Keohane and Francis Fukuyama. Keohane's target was not feminist IR per se but the attachment of many feminist IR scholars to postmodernist methodologies and theories. For Keohane, feminist IR need to develop scientific testable theories—a claim that J. Ann Tickner responded to with her piece 'You Just Don't Understand!'. Fukuyama suggested that the problem with feminist IR was that it put forward the view that if women ran the world then we would live in a much more peaceful world, a claim that he disputed.^[citation needed] In fact, few feminist IR scholars have argued this,^[citation needed] and even those that have would put forward a much more nuanced and sophisticated argument than that suggested by Fukuyama.

Postcolonialism

Postcolonial IR challenges the *eurocentrism* of IR—particularly its parochial assumption that Western Enlightenment thinking is superior, progressive and universally applicable. Postcolonialists argue that this is enabled through constructing the *Other* as irrational and backwards.^[2]

Postcolonial IR attempts to expose such parochial assumptions of IR; for example, in the construction of white versus coloured peoples. An example is the IR story of a *white men's burden* to educate and liberate coloured men and women, to protect coloured women from coloured men. Often this is linked to other postpositivist theories, for example, through Postcolonial feminism, which analyze issues in IR through the lenses of *both* gender and culture.

Examples of the parochialistic nature of IR include *geographical parochialism* and *cultural chauvinism*. For the former, the construction of the Cold War era as a time of peace ignores the reality that major conflicts continued in the developing world. Furthermore, the oft-cited history of IR is constructed in western terms (*more information under history*); and IR has been used to justify everything from imperialism to a *playground* for skirmishes between the two Cold War superpowers. For the latter, the West (through IGOs such as the IMF's quick rush to "save" Asia in

the aftermath of the Asian Financial Crisis of 1997–8 could be seen as both a *white men's burden* to save Asia or to reformulate Asian capitalism in a Western image.^[3]

Criticisms and Defence

Such IR stories are purposefully limited in scope in terms of statecentric modelling, cataloguing and predicting in formal terms; and like other postpositivist theories, they do not attempt to form an overarching theory as after all, postpositivism is defined as *incredulity towards metanarratives*. This is replaced by a sensitivity and openness to the unintended consequences of metanarratives and their negative impacts on the most marginalised actors in IR. In defence, postpositivists argue that metanarratives have proven unworkable. Thus, such theories, although limited in scope, provide for much greater possibilities in the normative work of developing an emancipatory politics, formulating foreign policy, understanding conflict, and making peace, which takes into account gender, ethnicity, other identity issues, culture, methodology and other common issues that have emerged from problem-solving, rationalist, reductive accounts IR.

Critical international relations theory is the application of 'critical theory' to international relations. Proponents such as Andrew Linklater, Robert W. Cox and Ken Booth focus on the need for human emancipation from States. Hence, it is "critical" of mainstream IR theories that tend to be state-centric.

Marxism

Marxist and Neo-Marxist theories of IR reject the realist/liberal view of state conflict or cooperation; instead focusing on the economic and material aspects. It makes the assumption that the economy trumps other concerns; allowing for the elevation of class as the focus of study. Marxists view the international system as an integrated capitalist system in pursuit of capital accumulation. Thus, the period of colonialism brought in sources for raw materials and captive markets for exports, while decolonialization brought new opportunities in the form of dependence.

Linked in with Marxist theories is dependency theory which argues that developed countries, in their pursuit of power, penetrate developing states through political advisors, missionaries, experts and MNCs to integrate them into the integrated capitalist system in order to appropriate natural resources and foster dependence by developing countries on developed countries.

Marxist theories receive scant attention in the United States where no significant socialist party ever existed. It is more common in parts of Europe and is one of the most important theoretic contributions of Latin American academia, for example through Liberation theology.

Leadership Theories

Interest Group Perspective

Interest Group theory posits that the driving force behind state behavior is sub-state interest groups. Examples interest groups include political lobbyists, the military, and the corporate sector. Group theory argues that although these interest groups are constitutive of the state, they are also causal forces in the exercise of state power.

Strategic Perspective

Strategic Perspective is a theoretical approach that views individuals as choosing their actions by taking into account the anticipated actions and responses of others with the intention of maximizing their own welfare.

Poststructuralist theories

Poststructuralist theories of IR developed in the 1980s from postmodernist studies in political science. Post-structuralism explores the deconstruction of concepts traditionally not problematic in IR, such as 'power' and 'agency' and examines how the construction of these concepts shapes international relations. The examination of 'narratives' plays an important part in poststructuralist analysis, for example feminist poststructuralist work has examined the role that 'women' play in global society and how they are constructed in war as 'innocent' and 'civilians'.

Examples of post-positivist research include:

- Feminisms ("gendering" war)
- Postcolonialism (challenges the euro-centrism of IR)

Concepts in international relations

Conjuncture

In decision making in international relations, the concept of International Conjuncture, together with freedom of action and equality are important elements. Decision makers must take into account the set of international conditions in taking initiatives that would create different types of responses.

Systemic level concepts

International relations is often viewed in terms of **levels of analysis**, the **systemic level** concepts are those broad concepts that define and shape an international milieu, characterised by Anarchy.

Power

The concept of **power in international relations** can be described as the degree of resources, capabilities, and influence in international affairs. It is often divided up into the concepts of hard power and soft power, hard power relating primarily to coercive power, such as the use of force, and soft power commonly covering

economics, diplomacy and cultural influence. However, there is no clear dividing line between the two forms of power.

Polarity

Polarity in International Relations refers to the arrangement of power within the international system. The concept arose from **bipolarity** during the Cold War, with the international system dominated by the conflict between two superpowers, and has been applied retrospectively. Consequently, the international system prior to 1945 can be described as **multi-polar**, with power being shared among Great powers. The collapse of the Soviet Union in 1991 had led to what some would call unipolarity, with the United States as a sole superpower. However, due to China's surge of economic success after joining the World Trade Organization in 2001, combined with the respectable international position they hold within political spheres and the power that the Chinese Government exerts over their people (consisting of the largest population in the world), there is debate over whether China is now a superpower or a possible candidate in the future.

Several theories of international relations draw upon the idea of polarity. The **balance of power** was a concept prevalent in Europe prior to the First World War, the thought being that by balancing power blocs it would create stability and prevent war. Theories of the balance of power gained prominence again during the Cold War, being a central mechanism of Kenneth Waltz's Neorealism. Here, the concepts of balancing (rising in power to counter another) and bandwagoning (siding with another) are developed.

Hegemonic stability theory (developed by Robert Gilpin) also draws upon the idea of Polarity, specifically the state of unipolarity. Hegemony is the preponderance of power at one pole in the international system, and the theory argues this is a stable configuration because of mutual gains by both the dominant power and others in the international system. This is contrary to many Neorealist arguments, particularly made by Kenneth Waltz, stating that the end of the Cold War and the state of unipolarity is an unstable configuration that will inevitably change.

This can be expressed in **Power transition theory**, which states that it is likely that a great power would challenge a hegemon after a certain period, resulting in a major war. It suggests that while hegemony can control the occurrence of wars, it also results in the creation of one. Its main proponent, A.F.K. Organski, argued this based on the occurrence of previous wars during British, Portuguese and Dutch hegemony.

Interdependence

Many advocate that the current international system is characterized by growing interdependence; the mutual responsibility and dependency on others. Advocates of this point to growing globalization, particularly with international economic interaction. The role of international institutions, and widespread acceptance of a number of operating principles in the international system, reinforces ideas that relations are characterized by interdependence.

Dependency

Military exercises often help increase strategic cooperation between countries. Shown here are Indian Navy, Japan Maritime Self-Defense Force and U.S Navy ships in formation, during a trilateral exercise in 2007.

Dependency theory is a theory most commonly associated with Marxism, stating that a set of **Core** states exploit a set of weaker **Periphery** states for their prosperity. Various versions of the theory suggest that this is either an inevitability (standard dependency theory), or use the theory to highlight the necessity for change (Neo-Marxist).

Systemic tools of international relations

- **Diplomacy** is the practice of communication and **negotiation** between representatives of states. To some extent, all other tools of international relations can be considered the failure of diplomacy. Keeping in mind, the use of other tools are part of the communication and negotiation inherent within diplomacy. Sanctions, force, and adjusting trade regulations, while not typically considered part of diplomacy, are actually valuable tools in the interest of leverage and placement in negotiations.
- **Sanctions** are usually a first resort after the failure of diplomacy, and are one of the main tools used to enforce treaties. They can take the form of diplomatic or economic sanctions and involve the cutting of ties and imposition of barriers to communication or trade.
- **War**, the use of force, is often thought of as the ultimate tool of international relations. A widely accepted definition is that given by Clausewitz, with war being "the continuation of politics by other means". There is a growing study into 'new wars' involving actors other than states. The study of war in International Relations is covered by the disciplines of 'War Studies' and 'Strategic studies'.
- The **mobilization of international shame** can also be thought of as a tool of International Relations. This is attempting to alter states' actions through 'naming and shaming' at the international level. This is mostly done by the large human rights NGOs such as Amnesty International (for instance when it called Guantanamo Bay a "Gulag")^[2], or Human Rights Watch. A prominent use of was the UN Commission on Human Rights 1235 procedure, which publicly exposes state's human rights violations. The current Human Rights Council has yet to use this Mechanism
- The allotment of **economic and/or diplomatic benefits**. An example of this is the European Union's enlargement policy. Candidate countries are allowed entry into the EU only after the fulfillment of the Copenhagen criteria.

Unit-level concepts in international relations

As a **level of analysis** the unit level is often referred to as the state level, as it locates its explanation at the level of the state, rather than the international system.

Regime type

It is often considered that a state's form of government can dictate the way that a state interacts with others in the international system.

Democratic Peace Theory is a theory that suggests that the nature of democracy means that democratic countries will not go to war with each other. The justifications for this are that democracies externalise their norms and only go to war for just causes, and that democracy encourages mutual trust and respect.

Communism justifies a world revolution, which similarly would lead to peaceful coexistence, based on a proletarian global society.

Revisionism/Status quo

States can be classified by whether they accept the international status quo, or are revisionist, i.e. want change. Revisionist states seek to fundamentally change the rules and practices of international relations, feeling disadvantaged by the status quo. They see the international system as a largely western creation which serves to reinforce current realities. Japan is an example of a state that has gone from being a revisionist state to one that is satisfied with the status quo, because the status quo is now beneficial to it.

Religion

It is often considered that religion can have an effect on the way a state acts within the international system. Religion is visible as an organising principle particularly for Islamic states, whereas secularism sits at the other end of the spectrum, with the separation of state and religion being responsible for the Liberal international relations theory.

Individual or sub-unit level concepts

The level beneath the unit (state) level can be useful both for explaining factors in International Relations that other theories fail to explain, and for moving away from a state-centric view of international relations.

- **Psychological factors in International Relations** - Evaluating psychological factors in international relations comes from the understanding that a state is not a 'black box' as proposed by Realism, and that there may be other influences on foreign policy decisions. Examining the role of personalities in the decision making process can have some explanatory power, as can the role of misperception between various actors. A prominent application of sub-unit level psychological factors in international relations is the concept of Groupthink, another is the propensity of policymakers to think in terms of analogies.
- **Bureaucratic politics** - Looks at the role of the bureaucracy in decision making, and sees decisions as a result of bureaucratic in-fighting, and as having been shaped by various constraints.

- **Religious, Ethnic, and secessionist groups** - Viewing these aspects of the sub-unit level has explanatory power with regards to ethnic conflicts, religious wars, transnational diaspora (diaspora politics) and other actors which do not consider themselves to fit with the defined state boundaries. This is particularly useful in the context of the pre-modern world of weak states.
- **Science, Technology and International Relations**- How science and technology impact the global health, business, environment, technology, and development.
- **International political economy**, and economic factors in international relations.^[3]

Institutions in international relations

International institutions form a vital part of contemporary International Relations. Much interaction at the system level is governed by them, and they outlaw some traditional institutions and practices of International Relations, such as the use of war (except in self-defence).

As humanity enters the Planetary phase of civilization, some scientists and political theorists see a global hierarchy of institutions replacing the existing system of sovereign nation-states as the primary political community. They argue that nations are an imagined community that cannot resolve such modern challenges as the “Dogville” effect (strangers in a homogeneous community), the legal and political status of stateless people and refugees, and the need to address worldwide concerns like climate change and pandemics. Futurist Paul Raskin has hypothesized that a new, more legitimate form of global politics could be based on “constrained pluralism.” This principle guides the formation of institutions based on three characteristics: irreducibility, where some issues must be adjudicated at the global level; subsidiarity, which limits the scope of global authority to truly global issues while smaller-scope issues are regulated at lower levels; and heterogeneity, which allows for diverse forms of local and regional institutions as long as they meet global obligations.

International organization

An **international organization** is an organization with an international membership, scope, or presence. There are two main types:^[1]

- **International nongovernmental organizations (INGOs)**: non-governmental organizations (NGOs) that operate internationally. These may be either:
 - International non-profit organizations. Examples include the World Organization of the Scout Movement, International Committee of the Red Cross and Médecins Sans Frontières.
 - International corporations, referred to as multinational corporations. Examples include The Coca-Cola Company and Toyota.
- **Intergovernmental organizations**, also known as **international governmental organizations (IGOs)**: the type of organization most closely

associated with the term 'international organization', these are organizations that are made up primarily of sovereign states (referred to as member states). Notable examples include the United Nations (UN), European Union (EU; which is a prime example of a supranational organization), and World Trade Organization (WTO). The UN has used the term "intergovernmental organization" instead of "international organization" for clarity.^[2]

United Nations

The **United Nations (UN)** is an international organization whose stated aims are facilitating cooperation in international law, international security, economic development, social progress, human rights, and the achieving of world peace. The UN was founded in 1945 after World War II to replace the League of Nations, to stop wars between countries, and to provide a platform for dialogue. It contains multiple subsidiary organizations to carry out its missions.

There are currently 192 member states, including nearly every sovereign state in the world. From its offices around the world, the UN and its specialized agencies decide on substantive and administrative issues in regular meetings held throughout the year. The organization is divided into administrative bodies, primarily:

- The General Assembly (the main deliberative assembly);
- The Security Council (decides certain resolutions for peace and security);
- The Economic and Social Council (assists in promoting international economic and social cooperation and development);
- The Secretariat (provides studies, information, and facilities needed by the UN);
- The International Court of Justice (the primary judicial organ).

Additional bodies deal with the governance of all other UN System agencies, such as the World Health Organization (WHO) and United Nations Children's Fund (UNICEF). The UN's most visible public figure is the Secretary-General, currently Ban Ki-moon of South Korea, who attained the post in 2007. The organization is financed from assessed and voluntary contributions from its member states, and has six official languages: Arabic, Chinese, English, French, Russian, and Spanish.^[2]

History

Following in the wake of the failed League of Nations (1919-1946), which the United States never joined, the United Nations was established in 1945 to maintain international peace and promote cooperation in solving international economic, social and humanitarian problems. The earliest concrete plan for a new world organization was begun under the aegis of the U.S. State Department in 1939. Franklin D. Roosevelt first coined the term 'United Nations' as a term to describe the Allied countries. The term was first officially used on January 1, 1942 when 26 governments signed the Atlantic Charter, pledging to continue the war effort.^[3] On 25 April 1945, the UN Conference on International Organization began in San Francisco, attended by 50 governments and a number of non-governmental

organizations involved in drafting the Charter of the United Nations. The UN officially came into existence on 24 October 1945 upon ratification of the Charter by the five permanent members of the Security Council — France, the Republic of China, the Soviet Union, the United Kingdom and the United States — and by a majority of the other 46 signatories. The first meetings of the General Assembly, with 51 nations represented, and the Security Council, took place in Westminster Central Hall in London in January 1946.^[4]

The UN's reputation was tarnished in 2003 after the Oil-for-Food scandal. The programme was established in 1996 to allow Iraq to sell oil on the world market in exchange for food, medicine, and other humanitarian supplies for Iraqi citizens who were affected by international economic sanctions in the wake of the first Gulf War. Allegations of abuse and corruption surfaced in 2003, and Benon Sevan, the former director, was suspended and then resigned from the UN after he was found to have accepted bribes from the Iraqi regime. It was recommended that his UN immunity be lifted to allow for a criminal investigation.^[5] Beyond Sevan, Kojo Annan, Kofi Annan's son, was alleged to have illegally procured Oil-for-Food contracts on behalf of the Swiss company Cotecna. India's foreign minister, K. Natwar Singh, was removed from office because of a role in the scandal, and the Cole Inquiry investigated whether the Australian Wheat Board breached any laws with its contracts with Iraq.^[6]

Organization

The United Nations system is based on five principal organs (formerly six - the Trusteeship Council suspended operations in 1994);^[7] the General Assembly, the Security Council, the Economic and Social Council (ECOSOC), the Secretariat, and the International Court of Justice.

Four of the five principal organs are located at the main United Nations headquarters located on international territory in New York City. The International Court of Justice is located in The Hague, while other major agencies are based in the UN offices at Geneva, Vienna, and Nairobi. Other UN institutions are located throughout the world.

The six official languages of the United Nations, used in intergovernmental meetings and documents, are Arabic, Chinese, English, French, Russian and Spanish,^[2] while the Secretariat uses two working languages, English and French. Five of the official languages were chosen when the UN was founded; Arabic was added later in 1973. The United Nations Editorial Manual states that the standard for English language documents is British usage and Oxford spelling (en-gb-oed), and the Chinese writing standard is Simplified Chinese. This replaced Traditional Chinese in 1971 when the UN representation of China was changed from the Republic of China to People's Republic of China. The Republic of China is now commonly known as "Taiwan".

General Assembly

The General Assembly is the main deliberative assembly of the United Nations. Composed of all United Nations member states, the assembly meets in regular yearly

sessions under a president elected from among the member states. Over a two-week period at the start of each session, all members have the opportunity to address the assembly. Traditionally, the Secretary-General makes the first statement, followed by the president of the assembly. The first session was convened on 10 January 1946 in the Westminster Central Hall in London and included representatives of 51 nations.

When the General Assembly votes on important questions, a two-thirds majority of those present and voting is required. Examples of important questions include: recommendations on peace and security; election of members to organs; admission, suspension, and expulsion of members; and, budgetary matters. All other questions are decided by majority vote. Each member country has one vote. Apart from approval of budgetary matters, resolutions are not binding on the members. The Assembly may make recommendations on any matters within the scope of the UN, except matters of peace and security that are under Security Council consideration.

Conceivably, the one state, one vote power structure could enable states comprising just eight percent of the world population to pass a resolution by a two-thirds vote.^[citation needed] However, as no more than recommendations, it is difficult to imagine a situation in which a recommendation by member states constituting just eight percent of the world's population, would be adhered to by the remaining ninety-two percent of the population, should they object.

Security Council

The Security Council is charged with maintaining peace and security among countries. While other organs of the United Nations can only make 'recommendations' to member governments, the Security Council has the power to make binding decisions that member governments have agreed to carry out, under the terms of Charter Article 25.^[8] The decisions of the Council are known as United Nations Security Council resolutions.

The Security Council is made up of 15 member states, consisting of 5 permanent members - China, France, Russia, the United Kingdom and the United States - and 10 non-permanent members, currently Austria, Burkina Faso, Costa Rica, Croatia, Japan, Libya, Mexico, Turkey, Uganda, and Vietnam. The five permanent members hold veto power over substantive but not procedural resolutions allowing a permanent member to block adoption but not to block the debate of a resolution unacceptable to it. The ten temporary seats are held for two-year terms with member states voted in by the General Assembly on a regional basis. The presidency of the Security Council is rotated alphabetically each month,^[9] and is held by United States for the month of September 2009.

Secretariat

The United Nations Secretariat is headed by the Secretary-General, assisted by a staff of international civil servants worldwide. It provides studies, information, and facilities needed by United Nations bodies for their meetings. It also carries out tasks as directed by the UN Security Council, the UN General Assembly, the UN Economic

and Social Council, and other UN bodies. The United Nations Charter provides that the staff be chosen by application of the "highest standards of efficiency, competence, and integrity," with due regard for the importance of recruiting on a wide geographical basis.

The Charter provides that the staff shall not seek or receive instructions from any authority other than the UN. Each UN member country is enjoined to respect the international character of the Secretariat and not seek to influence its staff. The Secretary-General alone is responsible for staff selection.

The Secretary-General's duties include helping resolve international disputes, administering peacekeeping operations, organizing international conferences, gathering information on the implementation of Security Council decisions, and consulting with member governments regarding various initiatives. Key Secretariat offices in this area include the Office of the Coordinator of Humanitarian Affairs and the Department of Peacekeeping Operations. The Secretary-General may bring to the attention of the Security Council any matter that, in his or her opinion, may threaten international peace and security.

Secretary-General

The Secretariat is headed by the Secretary-General, who acts as the *de facto* spokesman and leader of the UN. The current Secretary-General is Ban Ki-moon, who took over from Kofi Annan in 2007 and will be eligible for reappointment when his first term expires in 2011.^[10]

Envisioned by Franklin D. Roosevelt as a "world moderator", the position is defined in the UN Charter as the organization's "chief administrative officer", but the Charter also states that the Secretary-General can bring to the Security Council's attention "any matter which in his opinion may threaten the maintenance of international peace and security" giving the position greater scope for action on the world stage. The position has evolved into a dual role of an administrator of the UN organization, and a diplomat and mediator addressing disputes between member states and finding consensus to global issues.^[10]

The Secretary-General is appointed by the General Assembly, after being recommended by the Security Council. The selection can be vetoed by any member of the Security Council,^[13] and the General Assembly can theoretically override the Security Council's recommendation if a majority vote is not achieved, although this has not happened so far.^[14] There are no specific criteria for the post, but over the years it has become accepted that the post shall be held for one or two terms of five years, that the post shall be appointed based on geographical rotation, and that the Secretary-General shall not originate from one of the five permanent Security Council member states.^[14]

Secretaries-General of the United Nations^[15]

| No. | Name | Country of origin | Took office | Left office | Note |
|-----|------|-------------------|-------------|-------------|------|
|-----|------|-------------------|-------------|-------------|------|

| | | | | | |
|---|--------------------------------|---|---------------------|----------------------|--|
| 1 | Trygve Lie |  Norway | 2 February 1946 | 10 November 1952 | Resigned |
| 2 | Dag Hammarskjöld |  Sweden | 10 April 1953 | 18 September 1961 | Died while in office |
| 3 | U Thant |  Burma | 30 November 1961 | 1 January 1972 | First Secretary-General from Asia |
| 4 | Kurt Waldheim |  Austria | 1 January 1972 | 1 January 1982 | |
| 5 | Javier Pérez de Cuéllar |  Peru | 1 January 1982 | 1 January 1992 | First Secretary-General from South America |
| 6 | Boutros Boutros-Ghali |  Egypt | 1 January 1992 | 1 January 1997 | First Secretary-General from Africa |
| 7 | Kofi Annan |  Ghana | 1 January 1997 | 1 January 2007 | |
| 8 | Ban Ki-moon |  South Korea | 1 January 2007 | Incumbent | |

International Court of Justice

The International Court of Justice (ICJ), located in The Hague, Netherlands, is the primary judicial organ of the United Nations. Established in 1945 by the United Nations Charter, the Court began work in 1946 as the successor to the Permanent Court of International Justice. The Statute of the International Court of Justice, similar to that of its predecessor, is the main constitutional document constituting and regulating the Court.^[16]

It is based in the Peace Palace in The Hague, Netherlands, sharing the building with the Hague Academy of International Law, a private centre for the study of international law. Several of the Court's current judges are either alumni or former faculty members of the Academy. Its purpose is to adjudicate disputes among states. The court has heard cases related to war crimes, illegal state interference and ethnic cleansing, among others, and continues to hear cases.^[17]

A related court, the International Criminal Court (ICC), began operating in 2002 through international discussions initiated by the General Assembly. It is the first permanent international court charged with trying those who commit the most serious crimes under international law, including war crimes and genocide. The ICC is functionally independent of the UN in terms of personnel and financing, but some meetings of the ICC governing body, the Assembly of States Parties to the Rome Statute, are held at the UN. There is a "relationship agreement" between the ICC and the UN that governs how the two institutions regard each other legally.^[18]

Economic and Social Council

The Economic and Social Council (ECOSOC) assists the General Assembly in promoting international economic and social cooperation and development. ECOSOC has 54 members, all of whom are elected by the General Assembly for a three-year term. The president is elected for a one-year term and chosen amongst the small or middle powers represented on ECOSOC. ECOSOC meets once a year in July for a four-week session. Since 1998, it has held another meeting each April with finance ministers heading key committees of the World Bank and the International Monetary Fund (IMF). Viewed separate from the specialized bodies it coordinates, ECOSOC's functions include information gathering, advising member nations, and making recommendations. In addition, ECOSOC is well-positioned to provide policy coherence and coordinate the overlapping functions of the UN's subsidiary bodies and it is in these roles that it is most active.

The United Nations Charter outlines the rules for membership:

1. Membership in the United Nations is open to all other peace-loving states which accept the obligations contained in the present Charter and, in the judgment of the Organization, are able and willing to carry out these obligations.
2. The admission of any such state to membership in the United Nations will be effected by a decision of the General Assembly upon the recommendation of the Security Council.

Group of 77

The Group of 77 at the UN is a loose coalition of developing nations, designed to promote its members' collective economic interests and create an enhanced joint negotiating capacity in the United Nations. There were 77 founding members of the organization, but the organization has since expanded to 130 member countries. The group was founded on 15 June 1964 by the "Joint Declaration of the Seventy-Seven Countries" issued at the United Nations Conference on Trade and Development (UNCTAD). The first major meeting was in Algiers in 1967, where the *Charter of Algiers* was adopted and the basis for permanent institutional structures was begun.^[21]

Functions

Peacekeeping and security

UN peacekeeping missions. Dark blue regions indicate current missions, while light blue regions represent former missions.

The UN, after approval by the Security Council, sends peacekeepers to regions where armed conflict has recently ceased or paused to enforce the terms of peace agreements and to discourage combatants from resuming hostilities. Since the UN does not maintain its own military, peacekeeping forces are voluntarily provided by member states of the UN. The forces, also called the "Blue Helmets", who enforce UN accords are awarded United Nations Medals, which are considered international

decorations instead of military decorations. The peacekeeping force as a whole received the Nobel Peace Prize in 1988.

The founders of the UN had envisaged that the organization would act to prevent conflicts between nations and make future wars impossible, however the outbreak of the Cold War made peacekeeping agreements extremely difficult due to the division of the world into hostile camps. Following the end of the Cold War, there were renewed calls for the UN to become the agency for achieving world peace, as there are several dozen ongoing conflicts that continue to rage around the globe.

A 2005 RAND Corp study found the UN to be successful in two out of three peacekeeping efforts. It compared UN nation-building efforts to those of the United States, and found that seven out of eight UN cases are at peace, as opposed to four out of eight US cases at peace.^[22] Also in 2005, the Human Security Report documented a decline in the number of wars, genocides and human rights abuses since the end of the Cold War, and presented evidence, albeit circumstantial, that international activism — mostly spearheaded by the UN — has been the main cause of the decline in armed conflict since the end of the Cold War.^[23] Situations where the UN has not only acted to keep the peace but also occasionally intervened include the Korean War (1950-1953), and the authorization of intervention in Iraq after the Persian Gulf War in 1990.

A British armoured car painted as it appeared while deployed on a UN peacekeeping mission

The UN has also drawn criticism for perceived failures. In many cases, member states have shown reluctance to achieve or enforce Security Council resolutions, an issue that stems from the UN's intergovernmental nature — seen by some as simply an association of 192 member states who must reach consensus, not an independent organization. Disagreements in the Security Council about military action and intervention are seen as having failed to prevent the 1994 Rwandan Genocide,^[24] failed to provide humanitarian aid and intervene in the Second Congo War, failed to intervene in the 1995 Srebrenica massacre and protect a refugee haven by the authorizing the peacekeepers to use force, failure to deliver food to starving people in Somalia, failure to implement provisions of Security Council resolutions related to the Israeli-Palestinian conflict, and continuing failure to prevent genocide or provide assistance in Darfur.

Human rights and humanitarian assistance

Eleanor Roosevelt with the Universal Declaration of Human Rights in 1949

The pursuit of human rights was a central reason for creating the UN. World War II atrocities and genocide led to a ready consensus that the new organization must work to prevent any similar tragedies in the future. An early objective was creating a legal framework for considering and acting on complaints about human rights violations. The UN Charter obliges all member nations to promote "universal respect for, and observance of, human rights" and to take "joint and separate action" to that end. The Universal Declaration of Human Rights, though not legally binding, was

adopted by the General Assembly in 1948 as a common standard of achievement for all. The Assembly regularly takes up human rights issues.

The UN and its agencies are central in upholding and implementing the principles enshrined in the Universal Declaration of Human Rights. A case in point is support by the UN for countries in transition to democracy. Technical assistance in providing free and fair elections, improving judicial structures, drafting constitutions, training human rights officials, and transforming armed movements into political parties have contributed significantly to democratization worldwide. The UN has helped run elections in countries with little or no democratic history, including recently in Afghanistan and East Timor. The UN is also a forum to support the right of women to participate fully in the political, economic, and social life of their countries. The UN contributes to raising consciousness of the concept of human rights through its covenants and its attention to specific abuses through its General Assembly, Security Council resolutions, or International Court of Justice rulings.

The purpose of the United Nations Human Rights Council, established in 2006, is to address human rights violations. The Council is the successor to the United Nations Commission on Human Rights, which was often criticised for the high-profile positions it gave to member states that did not guarantee the human rights of their own citizens. The council has 47 members distributed by region, which each serve three year terms, and may not serve three consecutive terms. A candidate to the body must be approved by a majority of the General Assembly. In addition, the council has strict rules for membership, including a universal human rights review. While some members with questionable human rights records have been elected, it is fewer than before with the increased focus on each member state's human rights record.

The rights of some 370 million indigenous peoples around the world is also a focus for the UN, with a Declaration on the Rights of Indigenous Peoples being approved by the General Assembly in 2007. The declaration outlines the individual and collective rights to culture, language, education, identity, employment and health, thereby addressing post-colonial issues which had confronted indigenous peoples for centuries. The declaration aims to maintain, strengthen and encourage the growth of indigenous institutions, cultures and traditions. It also prohibits discrimination against indigenous peoples and promotes their active participation in matters which concern their past, present and future.^[37]

In conjunction with other organizations such as the Red Cross, the UN provides food, drinking water, shelter and other humanitarian services to populaces suffering from famine, displaced by war, or afflicted by other disasters. Major humanitarian branches of the UN are the World Food Programme (which helps feed more than 100 million people a year in 80 countries), the office of the High Commissioner for Refugees with projects in over 116 countries, as well as peacekeeping projects in over 24 countries.

Social and economic development

Millennium Development Goals

1. eradicate extreme poverty and hunger;
2. achieve universal primary education;
3. promote gender equality and empower women;
4. reduce child mortality;
5. improve maternal health;
6. combat HIV/AIDS, malaria, and other diseases;
7. ensure environmental sustainability; and
8. develop a global partnership for development.

The UN is involved in supporting development, e.g. by the formulation of the Millennium Development Goals. The UN Development Programme (UNDP) is the largest multilateral source of grant technical assistance in the world. Organizations like the World Health Organization (WHO), UNAIDS, and The Global Fund to Fight AIDS, Tuberculosis and Malaria are leading institutions in the battle against diseases around the world, especially in poor countries. The UN Population Fund is a major provider of reproductive services. It has helped reduce infant and maternal mortality in 100 countries.^[citation needed]

The UN also promotes human development through various related agencies. The World Bank Group and International Monetary Fund (IMF), for example, are independent, specialized agencies and observers within the UN framework, according to a 1947 agreement. They were initially formed as separate from the UN through the Bretton Woods Agreement in 1944.^[38]

The UN annually publishes the Human Development Index (HDI), a comparative measure ranking countries by poverty, literacy, education, life expectancy, and other factors.

The Millennium Development Goals are eight goals that all 192 United Nations member states have agreed to try to achieve by the year 2015.^[39] This was declared in the United Nations Millennium Declaration, signed in September 2000.

Mandates

From time to time the different bodies of the United Nations pass resolutions which contain operating paragraphs that begin with the words "requests", "calls upon", or "encourages", which the Secretary-General interprets as a mandate to set up a temporary organization or do something. These mandates can be as little as

researching and publishing a written report, or mounting a full scale peace-keeping operation (usually the exclusive domain of the Security Council).

Although the specialized institutions, such as the WHO, were originally set up by this means, they are not the same as mandates because they are permanent organizations that exist independently of the UN with their own membership structure. One could say that original mandate was simply to cover the process of setting up the institution, and has therefore long expired. Most mandates expire after a limited time period and require renewal from the body which set them up.

One of the outcomes of the 2005 World Summit was a mandate (labeled id 17171) for the Secretary-General to "review all mandates older than five years originating from resolutions of the General Assembly and other organs". To facilitate this review and to finally bring coherence to the organization, the Secretariat has produced an on-line registry of mandates to draw together the reports relating to each one and create an overall picture.^[40]

Other

Over the lifetime of the UN, over 80 colonies have attained independence.^[41] The General Assembly adopted the Declaration on the Granting of Independence to Colonial Countries and Peoples in 1960 with no votes against but abstentions from all major colonial powers. Through the UN Committee on Decolonization,^[42] created in 1962, the UN has focused considerable attention on decolonization. It has also supported the new states that have arisen as a result self-determination initiatives. The committee has overseen the decolonization of every country larger than 20,000 km² and removed them from the United Nations list of Non-Self-Governing Territories, besides Western Sahara, a country larger than the UK only relinquished by Spain in 1975.

The UN declares and coordinates international observances, periods of time to observe some issue of international interest or concern. Using the symbolism of the UN, a specially designed logo for the year, and the infrastructure of the United Nations System, various days and years have become catalysts to advancing key issues of concern on a global scale. For example, World Tuberculosis Day, Earth Day and International Year of Deserts and Desertification.

The UN is financed from assessed and voluntary contributions from member states. The regular two-year budgets of the UN and its specialized agencies are funded by assessments. The General Assembly approves the regular budget and determines the assessment for each member. This is broadly based on the relative capacity of each country to pay, as measured by their Gross National Income (GNI), with adjustments for external debt and low per capita income.^[44]

The Assembly has established the principle that the UN should not be overly dependent on any one member to finance its operations. Thus, there is a 'ceiling' rate, setting the maximum amount any member is assessed for the regular budget. In December 2000, the Assembly revised the scale of assessments to reflect current global circumstances. As part of that revision, the regular budget ceiling was

reduced from 25% to 22%. The U.S. is the only member that has met the ceiling. In addition to a ceiling rate, the minimum amount assessed to any member nation (or 'floor' rate) is set at 0.001% of the UN budget. Also, for the least developed countries (LDC), a ceiling rate of 0.01% is applied.^[44]

The current operating budget is estimated at \$4.19 billion^[44] (refer to table for major contributors).

A large share of UN expenditures addresses the core UN mission of peace and security. The peacekeeping budget for the 2005-2006 fiscal year is approximately \$5 billion (compared to approximately \$1.5 billion for the UN core budget over the same period), with some 70,000 troops deployed in 17 missions around the world.^[45] UN peace operations are funded by assessments, using a formula derived from the regular funding scale, but including a weighted surcharge for the five permanent Security Council members, who must approve all peacekeeping operations. This surcharge serves to offset discounted peacekeeping assessment rates for less developed countries. As of 1 January 2008, the top 10 providers of assessed financial contributions to United Nations peacekeeping operations were: the United States, Japan, Germany, the United Kingdom, France, Italy, China, Canada, Spain, and the Republic of Korea.^[46]

Special UN programmes not included in the regular budget (such as UNICEF and UNDP) are financed by voluntary contributions from other member governments. Most of this is financial contributions, but some is in the form of agricultural commodities donated for afflicted populations.

Personnel policy

The UN and its agencies are immune to the laws of the countries where they operate, safeguarding UN's impartiality with regard to the host and member countries.^[47] This independence allows agencies to implement human resources policies that may even be contrary to the laws of a host - or a member country.^[citation needed]

Despite their independence in matters of human resources policy, the UN and its agencies voluntarily apply the laws of member states regarding same-sex marriages, allowing decisions about the status of employees in a same-sex partnership to be based on nationality. The UN and its agencies recognize same-sex marriages only if the employees are citizens of countries that recognize the marriage. This practice is not specific to the recognition of same-sex marriage but reflects a common practice of the UN for a number of human resources matters. It has to be noted though that some agencies provide limited benefits to domestic partners of their staff and that some agencies do not recognise same-sex marriage or domestic partnership of their staff.

Reform

Since its founding, there have been many calls for reform of the United Nations, although little consensus on how to do so. Some want the UN to play a greater or more effective role in world affairs, while others want its role reduced to

humanitarian work.^[48] There have also been numerous calls for the UN Security Council's membership to be increased, for different ways of electing the UN's Secretary-General, and for a United Nations Parliamentary Assembly.

The UN has also been accused of bureaucratic inefficiency and waste. During the 1990s the United States withheld dues citing inefficiency, and only started repayment on the condition that a major reforms initiative was introduced. In 1994, the Office of Internal Oversight Services (OIOS) was established by the General Assembly to serve as an efficiency watchdog.^[49]

An official reform programme was begun by Kofi Annan in 1997. Reforms mentioned include changing the permanent membership of the Security Council (which currently reflects the power relations of 1945), making the bureaucracy more transparent, accountable and efficient, making the UN more democratic, and imposing an international tariff on arms manufacturers worldwide.^[citation needed]

In September 2005, the UN convened a World Summit that brought together the heads of most member states, calling the summit "a once-in-a-generation opportunity to take bold decisions in the areas of development, security, human rights and reform of the United Nations."^[50] Kofi Annan had proposed that the summit agree on a global "grand bargain" to reform the UN, renewing the organisation's focus on peace, security, human rights and development, and to make it better equipped at facing 21st century issues. The result of the summit was a compromise text agreed on by world leaders,^[51] which included the creation of a Peacebuilding Commission to help countries emerging from conflict, a Human Rights Council, and a democracy fund, a clear and unambiguous condemnation of terrorism "in all its forms and manifestations", and agreements to devote more resources to the Office of Internal Oversight Services, to spend billions more on achieving the Millennium Development Goals, to wind up the Trusteeship Council due to the completion of its mission, and that the international community has a "responsibility to protect" - the duty to intervene in when national governments fail to fulfill their responsibility to protect their citizens from atrocious crimes.

The Office of Internal Oversight Services is being restructured to more clearly define its scope and mandate, and will receive more resources. In addition, to improve the oversight and auditing capabilities of the General Assembly, an Independent Audit Advisory Committee (IAAC) is being created. In June 2007, the Fifth Committee created a draft resolution for the terms of reference of this committee.^{[52][53]} An ethics office was established in 2006, responsible for administering new financial disclosure and whistleblower protection policies. Working with the OIOS, the ethics office also plans to implement a policy to avoid fraud and corruption.^[54] The Secretariat is in the process of reviewing all UN mandates that are more than five years old. The review is intended to determine which duplicative or unnecessary programmes should be eliminated. Not all member states are in agreement as to which of the over 7000 mandates should be reviewed. The dispute centres on whether mandates that have been renewed should be examined. As of September 2007, the process is ongoing.^[55]

Controversy and criticism

There has been controversy and criticism of the UN organization and its activities since at least the 1950s. In the United States, an early opponent of the UN was the John Birch Society, which began a "get US out of the UN" campaign in 1959, charging that the UN's aim was to establish a "One World Government." After the Second World War, the French Committee of National Liberation was late to be recognized by the US as the government of France, and so the country was initially excluded from the conferences that aimed at creating the new organization. Charles de Gaulle criticized the UN, famously calling it *le machin* ("the stuff"), and was not convinced that a global security alliance would help maintaining world peace, preferring to it direct defence treaties between countries. In 1967, Richard Nixon, while running for President of the United States, criticized the UN as "obsolete and inadequate" for dealing with then-present crises like the Cold War, Jeane Kirkpatrick, who was appointed by Ronald Reagan to be United States Ambassador to the United Nations, wrote in a 1983 opinion piece in *The New York Times* that the process of discussions at the Security Council "more closely resembles a mugging" of the United States "than either a political debate or an effort at problem solving."

In a February 2003 speech, soon before the United States invasion of Iraq (for which he had been unable to get UN approval), George W. Bush said, "free nations will not allow the United Nations to fade into history as an ineffective, irrelevant debating society."^l In 2005, Bush appointed John R. Bolton to the position of Acting U.S. Ambassador to the UN; Bolton had made several statements critical of the UN, including saying, in 1994, "There is no such thing as the United Nations. There is only the international community, which can only be led by the only remaining superpower, which is the United States."^l

In 2004, former ambassador to the UN Dore Gold published a book called *Tower of Babel: How the United Nations Has Fueled Global Chaos*. The book criticized what it called the organization's moral relativism in the face of (and occasional support of)^[61] genocide and terrorism that occurred between the moral clarity of its founding period and the present day. While the UN during its founding period was limited to those nations that declared war on at least one of the Axis powers of World War II, and thus were capable of taking a stand against evil, the modern United Nations has, according to Gold, become diluted to the point where only 75 of the 184 member states during the time of the book's publication "were free democracies, according to Freedom House."^l He further claimed that this had the effect of tipping the scales of the UN so that the organization as a whole was more amenable to the requirements of dictatorships.

Accusations of bias in the Arab-Israeli conflict

Issues relating to the state of Israel, the Palestinian people and other aspects of the Arab-Israeli conflict occupy a large amount of debate time, resolutions and resources at the United Nations.

The adoption of UNSCOP's recommendation to partition Palestine by the United Nations General Assembly in 1947^[63] was one of the earliest decisions of the UN.

After the 1948 Arab-Israeli War, the UN defined the term "refugee" in the case of Palestinian Arabs fleeing Israel in significantly broader terms than it does for other refugees of other conflicts; this is a road block in the refugee problem and increases dependence on the UN.^[64] The UN has sponsored several peace negotiations between the parties, the latest being the 2002 Road map for peace.

In the late 1970s, Iraq built a 40 MW light-water nuclear materials testing reactor (MTR) with French assistance. When Israel destroyed the facility in 1981, the United Nations Security Council condemned Israel. According to political commentator Alan Dershowitz, commentators have since decided that Israel was within its moral and legal rights to destroy the facility and history has proven that it was the correct course of action.^[65] Furthermore, the alleged apathy toward large scale humanitarian crises in places like Congo and selective focus on controversies involving Israelis have drawn criticism.^[66]

In recent years,^[when?] the Middle East was the subject of 76% of country-specific UNGA resolutions, 100% of the Human Rights Council resolutions, 100% of the Commission on the Status of Women resolutions, 50% of reports from the World Food Program, 6% of Security Council resolutions and 6 of the 10 Emergency sessions. Of note is Resolution 3379 (1975) stating that "Zionism is racism"; it was rescinded in 1991. These decisions, passed with the support of the OIC countries, invariably criticize Israel for its treatment of Palestinians. Many, such as Dore Gold, Alan Dershowitz, Mark Dreyfus, and the Anti-Defamation League have qualified this degree of criticism as excessive.^{[66][67][68][69]}

Claims of disproportionate attention

Professor Don Habibi of the University of North Carolina at Wilmington lamented the limited reports on Sudan and Darfur, in contrast to reports on Israel. He criticized the United Nations, among other organizations, for their "obsession" with Israel, to the exclusion of other human rights violators. Habibi wrote:^{[70][71]}

This obsession would make sense if Israel was among the worst human rights offenders in the world. But by any objective measure this is not the case. Even with the harshest interpretation of Israeli's policies, which takes no account of cause and effect, and Israel's predicament of facing existential war, there can be no comparison to the civil wars in Sudan, Algeria, or Congo.

Accusations of antisemitism

The UN has been accused by such human rights activists as Elie Wiesel, Anne Bayefsky, and Dershowitz of tolerating antisemitic remarks within its walls.

A UN sponsored conference was held in 2001 in Durban, South Africa. The conference was meant to combat racism, but ended up being a forum for world leaders to make various anti-Semitic statements. Cartoons were handed out at the conference equating the Nazi swastika with the Jewish Star of David.^[77] Tom Lantos, Colin Powell, Charles Schumer, Elie Wiesel, Irwin Cotler, and Alan Dershowitz are all on record condemning the entire conference as hateful, racist, and anti-Semitic.

Accusations of support for terrorism under the guise of "national liberation"

According to Dore Gold and Alan Dershowitz, the United Nations has a long history of elevating what it calls "national liberation movements," armed groups who commit violence against civilians to achieve political goals, virtually to the status of civilians.^{[67][78]} Occasionally, the UN has even invited terrorists^{[79][80][81]} and states who support terrorism to participate in shaping how the UN responds to terrorism.

In July 1976, Palestinian and German terrorists hijacked an Air France plane headed from France to Israel, landed it in Uganda, and threatened to kill the civilian hostages. Ugandan dictator Idi Amin Dada provided sanctuary for the terrorists in the Entebbe airport. After Israel raided the Ugandan airport and saved most of the hostages, United Nations Secretary General "Kurt Waldheim condemned Israel" for the violation of "Ugandan sovereignty."^[82]

Alan Dershowitz noted that while Tibetans, Kurds, and Turkish Armenians all desire "national liberation," the United Nations has only officially recognizes Palestinian claims to "national liberation" and allows representatives of the Palestinian cause to speak at the UN. The difference between the three groups and the Palestinians is that the Palestinians use terrorism as a tactic for getting their voice heard while the other three do not. The UN, according to Dershowitz, favors "national liberation" groups who practice terrorism above those who do not; including those people who have been under more brutal occupation for a longer time (such as Tibetans). The UN also allows its refugee camps in the Palestinian territories to be used as terrorist bases and allows state sponsors of terrorism to be on the Security Council.^{[83][84]} According to a Dutch report, the violence against the west papua people is an established pattern since the handing over of the territory by the Dutch and the UN Act of Free Choice referendum. The government of the Netherlands commissioned Professor Pieter J. Drooglever to review the issues of the hand-over by the Dutch, led by the then foreign minister Joseph Luns with assistance by the United Nations. The report became public in December 2005.^[85] In 2003, the indigenous rights organization, Friends of Peoples Close to Nature, released a documentary called *Papua Merdeka*, which criticizes the UN vote - Act of Free Choice. According to the movie, the UN was responsible for the continuing colonization and exploration of the West Papuan's natural resources. This film shows the history of violence the native population of West Papua have endured for many decades under the Indonesian military, and shows how to this day, the West Papuans continue their struggle for independence from Indonesia.^[86]

Political economy

Political economy originally was the term for studying production, buying and selling, and their relations with law, custom, and government. *Political economy* originated in moral philosophy. It developed in the 18th century as the study of the economies of states—*polities*, hence *political* economy.

In late nineteenth century, the term "political economy" was generally replaced by the term economics, used by those seeking to place the study of economy upon

mathematical and axiomatic bases, rather than the structural relationships of production and consumption (cf. marginalism, Alfred Marshall).

History of the term

Originally, *political economy* meant the study of the conditions under which production or consumption within limited parameters was organized in the nation-states. The phrase *économie politique* (translated in English as *political economy*) first appeared in France in 1615 with the well known book by Antoine de Montchrétien: *Traité de l'économie politique*. French physiocrats, Adam Smith, David Ricardo and Karl Marx were some of the exponents of political economy. In 1805, Thomas Malthus became England's first professor of political economy, at the East India Company College, Haileybury, Hertfordshire. The world's first professorship in political economy was established in 1763 at the University of Vienna, Austria; Joseph von Sonnenfels was the first tenured professor.

In the United States, political economy first was taught at the College of William and Mary; in 1784 Adam Smith's *Wealth of Nations* was a required textbook.^[1]

Glasgow University, where Smith was Professor of Logic and Moral Philosophy, changed the name of its Department of Political Economy to the Department of Economics (ostensibly to avoid confusing prospective undergraduates) in academic year 1797–1798, leaving the graduating class of 1798 as the last to be graduated with a Scottish Master of Arts degree in Political Economy.

Current approaches to political economy

Contemporarily, *political economy* refers to different, but related, approaches to studying economic and political behaviours, ranging from the combining of economics with other fields, to the using of different, fundamental assumptions that challenge orthodox economic assumptions:

- *Political economy* most commonly refers to interdisciplinary studies drawing upon economics, law, and political science in explaining how political institutions, the political environment, and the economic system—capitalist, socialist, mixed—influence each other. When narrowly construed, it refers to applied topics in economics implicating public policy, such as monopoly, market protection, government fiscal policy,^[2] and rent seeking.^[3]
- Historians have employed *political economy* to explore the ways in the past that persons and groups with common economic interests have used politics to effect changes beneficial to their interests.^[4]
- "International political economy" (IPE) is an interdisciplinary field comprising approaches to international trade and finance, and state policies affecting international trade, i.e. monetary and fiscal policies. In the U.S., these approaches are associated with the journal *International Organization*, which, in the 1970s, became the leading journal of international political economy under the editorship of Robert Keohane, Peter J. Katzenstein, and Stephen Krasner. They are also associated with the journal *The Review of International*

Political Economy. There also is a more critical school of IPE, inspired by Karl Polanyi's work; two major figures are Susan Strange and Robert W. Cox.^[5]

- Economists and political scientists often associate the term with approaches using rational choice assumptions, especially game theory, in explaining phenomena beyond economics' standard remit, in which context the term "positive political economy" is common.^[6]
- Anthropologists, sociologists, and geographers, use *political economy* in referring to the neo-Marxian approaches to development and underdevelopment postulated by André Gunder Frank and Immanuel Wallerstein.
- Contemporary political economy students treat economic ideologies as the phenomenon to explain, per the traditions of Marxian political economy. Thus, Charles S. Maier suggests that a political economy approach: *interrogates economic doctrines to disclose their sociological and political premises....in sum, [it] regards economic ideas and behavior not as frameworks for analysis, but as beliefs and actions that must themselves be explained.*^[7] This approach informs Andrew Gamble's *The Free Economy and the Strong State* (Palgrave Macmillan, 1988), and Colin Hay's *The Political Economy of New Labour* (Manchester University Press, 1999). It also informs much work published in *New Political Economy* an international journal founded by Sheffield University scholars in 1996.^[8]

Disciplines related to political economy

Because political economy is not a unified discipline, there are studies using the term that overlap in subject matter, but have radically different perspectives:

- Sociology studies the effects of persons' involvement in society as members of groups, and how that changes their ability to function. Many sociologists start from a perspective of production-determining relation from Karl Marx.
- Political Science focuses on the interaction between institutions and human behavior, the way in which the former shapes choices and how the latter change institutional frameworks. Along with economics, it has made the best works in the field by authors like Shepsle, Ostrom, Ordeshook, among others.
- Anthropology studies political economy by studying the relationship between the world capitalist system and local cultures.
- Psychology is the fulcrum on which political economy exerts its force in studying decision-making (not only in prices), but as the field of study whose assumptions model political economy.
- History documents change, using it to argue political economy; historical works have political economy as the narrative's frame.
- Economics focuses on markets by leaving the political—governments, states, legal frameworks—as givens. Economics dropped the adjective *political* in the 19th century, but works backwards, by describing "The Ideal Market", urging governments to formulate policy and law to approach said ideal. Economists and political economists often disagree on what is preeminent in developing production, market, and political structure theories.

- Law concerns the creation of policy and its mediation via political actions that have specific results, it deals with political economy as political capital and as social infrastructure—and the sociological results of one society upon another.
- Human Geography is concerned with politico-economic processes, emphasizing space and environment.
- Ecology deals with political economy, because human activity has the greatest effect upon the environment, its central concern being the environment's suitability for human activity. The ecological effects of economic activity spur research upon changing market economy incentives.
- International Relations often uses political economy to study political and economic development.
- Cultural Studies studies social class, production, labor, race, gender, and sex.
- Communications examines the institutional aspects of media and telecommunication systems, with particular attention to the historical relationships between owners, labor, consumers, advertisers, and the state.

Political history of the world

The **political history of the world** is the history of the various political entities created by the Human race throughout their existence on Earth and the way these states define their borders. Throughout history, political entities have expanded from basic systems of self-governance and monarchy to the complex democratic and communist systems that exist today, in parallel, political systems have expanded from vaguely defined frontier-type boundaries, to the definite boundaries existing today.

Ancient history

In ancient history, civilizations did not have definite boundaries as states have today, and their borders could be more accurately described as frontiers. Early dynastic Sumer, and early dynastic Egypt were the first civilizations to define their borders. Moreover, for the past 200,000 years and up to the twentieth century, many people have lived in non-state societies. These range from relatively egalitarian bands and tribes to complex and highly stratified chiefdoms.

The first states of sorts were those of early dynastic Sumer and early dynastic Egypt, which arose from the Uruk period and Predynastic Egypt respectively at approximately 3000BC.^[1] Early dynastic Egypt was based around the Nile River in the north-east of Africa, the kingdom's boundaries being based around the Nile and stretching to areas where oases existed.^[2] Early dynastic Sumer was located in southern Mesopotamia with its borders extending from the Persian Gulf to parts of the Euphrates and Tigris rivers.^[1]

By 2500 BC the Indian civilization, located in the Indus Valley had formed. The civilization's boundaries extended 600KM inland from the Arabian Sea.^[3]

336 BC saw the rise of Alexander the Great, who forged an empire from various vassal states stretching from modern Greece to the Indian subcontinent, bringing

Mediterranean nations into contact with those of central and southern Asia, much as the Persian Empire had before him. The boundaries of this empire extended hundreds of kilometers.^[4]

The Roman Empire (509 BC - 476 AD) was the first western civilization known to accurately define their borders, although these borders could be more accurately described as frontiers;^[5] instead of the Empire defining its borders with precision, the borders were allowed to trail off and were, in many cases, part of territory indirectly ruled by others.^[6]

Roman and Greek ideals of nationhood can be seen to have strongly influenced Western views on the subject, with the basis of many governmental systems being on authority or ideas borrowed from Rome or the Greek city-states. Notably, the European states of the Dark Ages and Middle Ages gained their authority from the Roman Catholic religion, and modern democracies are based in part on the example of Ancient Athens.^[citation needed]

Middle ages

China entered the Sui Dynasty,^[7] this saw a change in government and an expansion in its borders as the many separate bureaucracies unified under one banner.^[8] This evolved into the Tang Dynasty when Li Yuan took control of China in 626.^[9] By now, the Chinese borders had expanded from eastern China, up north into the Tang Empire.^[10] The Tang Empire fell apart in 907 and split into ten regional kingdoms and five dynasties with vague borders.^[11] 53 years after the separation of the Tang Empire, China entered the Song Dynasty under the rule of Chao K'uang, although the borders of this country expanded, they were never as large as those of the Tang dynasty and were constantly being redefined due to attacks from the neighboring Tartar people known as the Khitan tribes.^[12]

In Western Europe, briefly mostly united into a single state under Charlemagne around 800CE, a few countries, including England, Scotland, Iceland and Norway, had already effectively become nation states by 1,000CE, with a kingdom (Commonwealth in Iceland's case) largely co-terminus with a people mostly sharing a language and culture.^[citation needed]

Over most of the continent, the peoples were emerging around ethnic, linguistic and geographical groups, but this was not reflected in political entities. In particular, France, Italy and Germany, though recognised by other nations as countries where the French, Italians and Germans lived, did not exist as states largely matching the countries for centuries, and struggles to form them, and define their borders, as states were a major cause of wars in Europe until the 20th century. In the course of this process, some countries, such as Poland under the Partitions and France in the High Middle Ages, almost ceased to exist as states for periods. The Low Countries, in the Middle Ages as distinct a country as France, became permanently divided, today into Belgium and the Netherlands. Spain was formed as a nation state by the dynastic union of small Christian kingdoms, augmented by the final campaigns of the Reconquista against Al-Andaluz, the vanished country of Islamic Iberia.^[citation needed]

In 1299 CE,^[13] the Aztec empire arose in lower Mexico, this empire lasted over 500 years and at their prime, held over 5,000 square kilometers of land.^{[14][15]}

200 years after the Aztec and Toltec empires began, northern and central Asia saw the rise of the Mongol empire. By the late 13th century, the Empire extended across Europe and Asia, briefly creating a state capable of ruling and administering immensely diverse cultures.^[16] In 1299, the Ottomans entered the scene, these Turkish nomads took control of Asia Minor along with much of central Europe over a period of 370 years, providing what may be considered a long-lasting Islamic counterweight to Christendom.^[17]

Exploiting opportunities left open by the Mongolian advance and recession as well as the spread of Islam. Russia took control of their homeland around 1613, after many years being dominated by the Tartars. After gaining independence, The Russian princes began to expand their borders under the leadership of many tsars.^[12] Notably, Catherine the Great seized the vast western part of Ukraine from the Poles, expanding Russia's size massively. Throughout the following centuries, Russia expanded rapidly, coming close to its modern size.^[18]

Early modern era

In 1700, Charles II of Spain died, naming Phillip of Anjou, Louis XIV's grandson, his heir. Charles' decision was not well met by the British, who believed that Louis would use the opportunity to ally France and Spain and attempt to take over Europe. Britain formed the Grand Alliance with Holland, Austria and a majority of the German states and declared war against Spain in 1702. The War of the Spanish Succession lasted 11 years, and ended when the Treaty of Utrecht has signed in 1714.^[19]

Less than 50 years later, in 1740, war broke out again, sparked by the invasion of Silesia, part of Austria, by King Frederick II of Prussia. Britain, the Netherlands and Hungary supported Maria Theresa. Over the next eight years, these and other states participated in the War of the Austrian Succession, until a treaty was signed, allowing Prussia to keep Silesia.^{[20][21]} The Seven Years' War began when Theresa dissolved her alliance with Britain and allied with France and Russia. In 1763, Britain won the war, claiming Canada and land east of the Mississippi. Prussia also kept Silesia.^[22]

Interest in the geography of the Southern Hemisphere began to increase in the 18th century,^[23] in 1642, Dutch navigator Abel Tasman was commissioned to explore Southern Hemisphere, during his voyages, Tasman discovered the island of Van Diemen's Land, which was later named Tasmania, the Australian coast and New Zealand in 1644.^[24] Captain James Cook was commissioned in 1768 to observe a solar eclipse in Tahiti and sailed into Stingray Harbor on Australia's east coast in 1770, claiming the land for the British Crown.^[25] Settlements in Australia began in 1788 when Britain began to utilize the country for the deportation of convicts,^[26] with the first free settlers arriving in 1793.^[27] Likewise New Zealand became a home for hunters seeking whales and seals in the 1790s with later non-commercial settlements by the Scottish in the 1820s and 30s.^[28]

In Northern America, revolution was beginning when in 1770, British troops opened fire on a mob pelting them with stones, an event later known as the Boston Massacre.^[29] British authorities were unable to determine if this event was a local one, or signs of something bigger^[30] until, in 1775, Rebel forces confirmed their intentions by attacking British troops on Bunker Hill.^[31] Shortly after, Massachusetts Second Continental Congress representative John Adams and his cousin Samuel Adams were part of a group calling for an American Declaration of Independence. The Congress ended without committing to a Declaration, but prepared for conflict by naming George Washington as the Continental Army Commander.^[30] War broke out and lasted until 1783, when Britain signed the Treaty of Paris and recognized America's independence.^[32] In 1788, the states ratified the United States Constitution, going from a confederation to a union^[30] and in 1789, elected George Washington as the first President of the United States.^[33]

By the late 1780s, France was falling into debt, with higher taxes introduced and famines ensuing.^[34] As a measure of last resort, King Louis XVI called together the Estates-General in 1788 and reluctantly agreed to turn the Third Estate (which made up all of the non-noble and non-clergy French) into a National Assembly.^[35] This assembly grew very popular in the public eye and on July 14, 1789, following evidence that the King planned to disband the Assembly,^[34] an angry mob stormed the Bastille, taking gun powder and lead shot.^[35] Stories of the success of this raid spread all over the country, this sparked multiple uprisings in which the lower-classes robbed granaries and manor houses.^[34] In August of the same year, members of the National Assembly wrote the revolutionary document Declaration of the Rights of Man and of the Citizen which proclaimed freedom of speech, press and religion.^[34] By 1792, other European states were attempting to quell the revolution. In the same year Austrian and German armies attempted to march on Paris, but the French repelled them. Building on fears of European invasion, a radical group known as the Jacobins abolished the monarchy and executed King Louis for treason in 1793. In response to this radical uprising, Britain, Spain and the Netherlands join in the fight with the Jacobins until the Reign of Terror was brought to an end in 1794 with the execution of a Jacobin leader, Maximilien Robespierre. A new constitution was adopted in 1795 with some calm returning, although the country was still at war. In 1799, a group of politicians led by Napoleon Bonaparte unseated leaders of the Directory.^[35]

State institutions

Communist states share similar institutions, which are organized on the premise that the communist party is a vanguard of the proletariat and represents the long-term interests of the people. The doctrine of democratic centralism, which was developed by Lenin as a set of principles to be used in the internal affairs of the communist party, is extended to society at large. According to democratic centralism, all leaders must be elected by the people and all proposals must be debated openly, but, once a decision has been reached, all people have a duty to obey that decision and all debate should end. When used within a political party, democratic centralism is meant to prevent factionalism and splits. When applied to an entire state, democratic centralism creates a one-party system.^[1]

The constitutions of most communist states describe their political system as a form of democracy.^[2] Thus, they recognize the sovereignty of the people as embodied in a series of representative parliamentary institutions. Communist states do not have a separation of powers; instead, they have one national legislative body (such as the Supreme Soviet in the Soviet Union) which is considered the highest organ of state power and which is legally superior to the executive and judicial branches of government.^[3] Such national legislative politics in communist states often have a similar structure to the parliaments that exist in liberal republics, with two significant differences: first, the deputies elected to these national legislative bodies are not expected to represent the interests of any particular constituency, but the long-term interests of the people as a whole; second, against Marx's advice, the legislative bodies of communist states are not in permanent session. Rather, they convene once or several times per year in sessions which usually last only a few days.^[4]

When the national legislative body is not in session – that is, most of the time – its powers are transferred to a smaller council (often called a "presidium") which combines legislative and executive power, and, in some communist states,^[which?] acts as a collective head of state. The presidium is usually^[weasel words] composed of important communist party members and votes the resolutions of the communist party into law.

Another feature of communist states is the existence of numerous state-sponsored social organizations (trade unions, youth organizations, women's organizations, associations of teachers, writers, journalists and other professionals, consumer cooperatives, sports clubs, etc.) which are integrated into the political system. In some communist states, representatives of these organizations are guaranteed a certain number of seats on the national legislative bodies. In all communist states, the social organizations are expected to promote social unity and cohesion, to serve as a link between the government and society, and to provide a forum for recruitment of new communist party members

Communist states maintain their legitimacy by claiming to promote the long-term interests of the whole people, and communist parties justify their monopoly on political power by claiming to act in accordance with objective historical laws. Therefore, political opposition and dissent is regarded as counter-productive or even treasonous. Some communist states have more than one political party, but all minor parties are required to follow the leadership of the communist party. Criticism of proposed future policies is usually tolerated, as long as it does not turn into criticism of the political system itself. However, in accordance with the principles of democratic centralism, communist states usually do not tolerate criticism of policies that have already been implemented in the past or are being implemented in the present. However, communist states are widely seen as being *de facto* dictatorships by historians and sociologists, since the elections they held tended to be heavily rigged

Objections to use of term

Some communists, such left communists, dispute the validity of the term "communist state". In classical Marxism, communism is the final phase of history at which time the state would have "withered away" and therefore "communist state" is a contradiction in terms under premises of this theory. Current states are either in the capitalist or socialist phase of history – making the term "socialist state" preferable to Communists – and the role of the communist party (i.e. the vanguard party) is to pull a nation toward the communist phase of history. The reason why most Western scholars prefer the term "communist state" rather than "socialist state" to describe these countries is because some socialists like left communists oppose the idea of a vanguard party pulling a nation towards communism, and thus the term "socialist state" is liable to cause confusion.

Some Marxists have also opposed the usage of the term "communist state". Since the 1930s, anti-Stalinist Marxists have argued that the existing communist states did not actually adhere to Marxism, but rather to a perversion of it that was heavily influenced by Stalinism. This critique was based on a variety of arguments, but nearly all anti-Stalinist communists argued that the Soviet model did not represent the interests of the working class. As such, Trotskyists referred to the Soviet Union as a "degenerated workers' state" and called its satellites "deformed workers states".

Not every country ruled by a communist party is viewed by left communists and Trotskyists as a communist state. As noted above, the term "communist state" has been created and used by Western political scientists to refer to a specific type of one-party state. Communist parties have won elections and governed in the context of multi-party democracies, without seeking to establish a one-party state. Examples include San Marino, Republic of Nicaragua (in the 1980s), Republic of Moldova (since 2001), Cyprus (presently), and the Indian states of Kerala, West Bengal and Tripura. These countries and states do not fall under the definition of a communist state.

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| Course Name | :Economics Theory |
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Course Description

This course deals with major economic models and theories, the behavior of market forces, main features of the Uganda economy, basic features of international economies as well as understanding Uganda monetary and financial system.

Course Objectives

- To strengthen the student’s capacity in determining the market forces of demand and supply in their countries.
- To assist in providing basic economics knowledge for policy makers, government officials as well as people working in the private sector.
- To enable students make rational decisions in their own businesses/organizations in terms of economic decisions.

Course content

Introduction to Micro Economic theory

- Definition & scope of Economics
- Basic principles of Economics
- The Production Possibility Curve(PPF)
- Its implication on development of an economy
- The concept of a market
- Types of markets
- Price determination in the market
- Types of prices

Demand theory

- Definition of demand function
- Law of demand
- Factors that influence demand for goods and services
- Market demand
- Derivation of the market demand curve
- Factors that influence a change in demand
- The slope of the demand curve

Supply theory

- Definition of supply
- Law of supply
- Factors that influence supply of goods and services
- The slope of the supply curve
- Change in quantity supplied Vs change in supply

Production theory

- Definition of production
- Levels/stage of production

- Types of production
- Examining different factors of production
- FOP and their relevance to national development

Theory of Costs

- Types of costs
- Short run costs of production
- Examining the relationship between TFC, TVC and TC
- Long run cost curves
- Derivation of the long run average cost curve

Economies of scale

- Internal economies of scale
- External economies of scale
- Internal diseconomies of scale
- External diseconomies of scale
- The product concept of the firm

Market structures

- Perfect competition
- Monopoly
- Monopolistic competition
- Oligopoly

Assessment

Course work 40%

Exams 60%

Total Mark 100%

DEFINING ECONOMICS

According to Robbins, "Economics is a Science which studies human behaviour as relationship between ends and scarce means which have alternative uses". When defining economics, the following should be noted.

1. Economics is a social science because it studies and predicts human behaviour.
2. Human wants are insatiable (endless). It is assumed that man is borne greedy and that all his wants can never be satisfied.
3. Man satisfies some of his wants by consuming (using) goods and services (commodities). These commodities are produced by using resources (factors or means of production), which are scarce.
4. Means or factors of production have alternative uses. Therefore man has to allocate them well to produce the maximum possible amount of commodities.
5. The economic problem arises when man tries to allocate the scarce resources to produce commodities that would satisfy his wants (ends) the more.
6. Time is also scarce in the production process. There are 24 hours in a day, which have to be allocated to different tasks.

THE SCOPE OF ECONOMICS

This refers to the limit to which economic problems can be discussed in addition to what is implied in the definition, the following should be noted about the scope of economics.

1. The subject matter of economics. This covers all aspects of economics activity namely. Production, exchange, consumption & distribution of commodities. Production involves the "creation" of goods and services. Exchange is the transfer of goods and services. Distribution concerns the division of goods and services among individuals and groups.
2. Economics is both an Art and science. As an art; Economics involves the utilisation of facts of science for practical purposes. As a science, economics is a systematized body of knowledge ascertainable by observation and experiment and it uses a scientific method to process theory.

A scientific method consists of 2 approaches;

- (a) Induction: This involves the use of observation, collection and organisation of facts about events to derive laws (theories) which can be tested.
 - (b) Deduction: This is where assumptions and conclusions about events are tested against actual events.
3. Economics is a positive & normative science. Positive economics is about what the world is, was or will be. It is about facts in real life. Normative economics is about what the world should be or would be or ought to be – normative economics depends on individual's opinion. Economics disagree on most normative statements but agree on most positive statements.
 4. Economics is related to other social sciences. Other social sciences include political science; sociology psychology etc. problems in these sciences affect economic condition of any country.
 5. Economists get technical facts from natural science and engineering natural sciences like physics & chemistry can provide scientific facts, which can be used in economic analysis. However Economics and other social sciences differ from natural science because;
 - (a) Social sciences deal with the behaviour of man, which change over time with changes in economic social and political conditions.
 - (b) Experiment in social sciences cannot be controlled. E.g. When investigating the relationship between the price and quantity demanded of a commodity one can not control other factors like income tastes and preferences etc. which also affect demand in such a case it is assumed that other factors remain constant (*ceteris paribus*) while investigating economic phenomenon.

BASIC PRINCIPLES OF ECONOMICS

Basic principles of economics explain fundamental economic problems of man. These principles are:

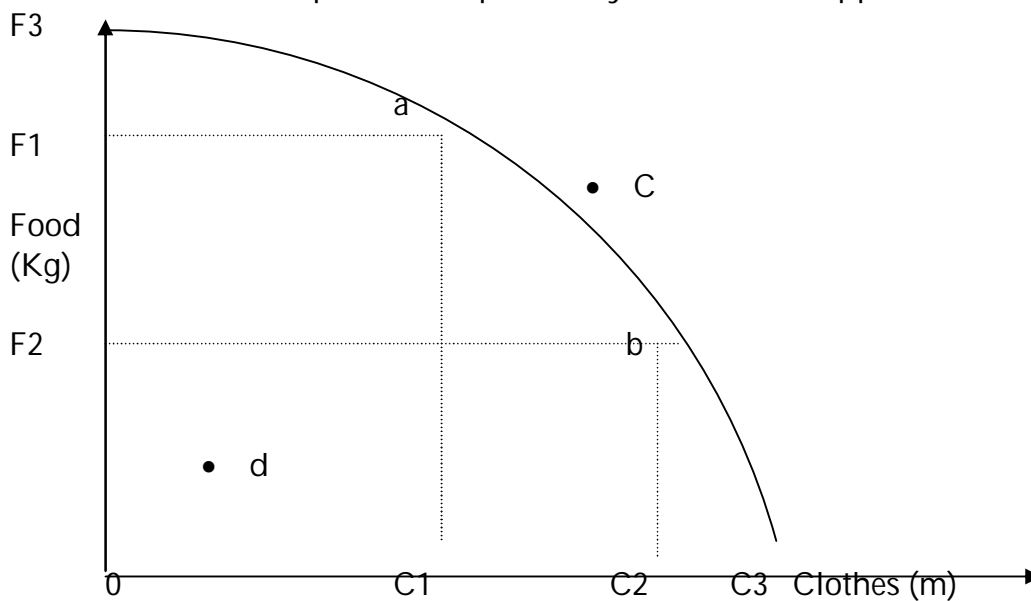
1. Scarcity: Scarcity means that all commodities are relatively less than people's desires for them. This is because resources are not enough to produce all commodities that people

want to consume. Scarce goods are called economic goods whereas those which exist in abundance are called free goods. Economists are mainly concerned with economic goods. However scarcity is a relative term, e.g. Gold is more scarce than sand because it has more demand than supply compared to sand.

2. Choice: Choice refers to the taking of the right decision. It arises because of scarcity, which requires one to find consumers to issues like what goods shall be produced? For who shall be produced? How much shall be produced? Etc. If human beings were rational they would rank their wants in their order of preference (priorities) such that they would first satisfy the most pressing wants and end with the least pressing wants. Such a list of wants organised according to priorities is called the scale of preference.
3. Opportunity cost: It refers to the next alternatives foregone when choice is made. It also arises because of scarcity e.g. by buying a car, you can forego a house when resources are not enough to buy both. If the house is the next alternative on your scale of preference, the opportunity cost of having one car would be the number of houses that you forego (do without). This principle is illustrated on the opportunity cost curve or production possibility frontier (PPF).

THE PPF

It is a locus of points showing the combinations of commodities that may be produced when all resources are fully utilised. E.g. assuming that a country utilises all its resources to produce clothes and food, the production possibility curve would appear as shown below.

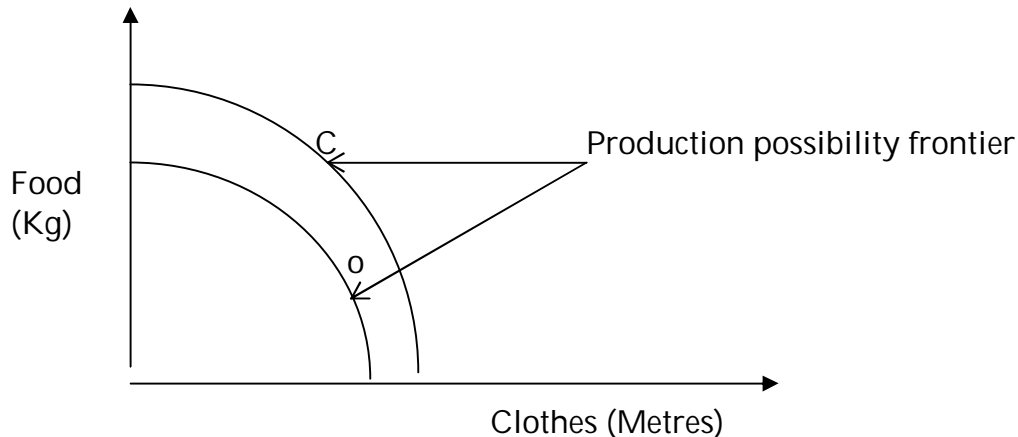


The above figure shows that a country can produce either OF_3 Kg of food or OC_3 metres of clothes or various combinations of food and clothes.

The PPF illustrates the following:

1. Scarcity and choice: Resources are scarce because the country cannot produce beyond its production possibilities curve using the fixed resources. According to the above figure, to produce C_1, C_2 more metres of cloth, we forego F_1, F_2 kg of food. Hence there is a need to choose between the two and to assume questions; what to produce? How much of each commodity to produce?

2. Opportunity Cost: This is illustrated by a movement along the production possibility frontier. E.g. in the figure above, from a to b, to produce C_1, C_2 more metres of cloth, we forego F_1, F_2 kg of food. Therefore, the opportunity cost of producing C_1C_2 extra metres of clothes is F_1F_2 kg of food that we forego.
3. Efficiency in production: In figure above points on the curve (e.g. a and b) show efficient utilisation of available resources. Points inside the curve (e.g. d) shows that some resources are not utilised i.e. there is under employment or inefficiency. Points outside the curve (e.g. c) are not attainable using available resources.
4. Economic growth: This is illustrated by the shift of the production possibility frontier outwards (to the right as shown below).



The above figure indicates that there is an increase in resources and hence increase in commodities produced. This may be the result of discovering more resources e.g. minerals or importing more resources.

ECONOMIC THEORY

- (a) This involves presentation and analysis of small economic group or groups of individuals e.g. price of one commodity, SS & dd of one commodity, study of one firm etc.
- (b) Macro economics:- This deals with total or aggregate behaviour of all individuals in each economy. It looks at the economy as one functioning unit e.g. aggregate income, aggregate dd and SS, inflation, unemployment etc.

Obviously macro economics explanations are not necessarily separate from micro economic explanations e.g. the growth of the economy is most likely to have been affected by the allocation of investment funds across the various sectors of the economy; Unemployment will be affected by the decline and rise of individual industries, but the fundamental reason for a distinction being made is the notion that broad aggregates might behave differently from the way that is predicted by theories based on observing the behaviours of individual's markets, e.g. a cut in wages in one industry may make it profitable for employers in that industry to employ more workers but Keynes suggested that a cut in wages across the economy as a whole might reduce the aggregate demand for goods and services hence forcing all employers to cut back on production and hence workers.

(c) Development theory: this involves the analysis of the whole society it looks at the past trend, analyses the present and predicts what will happen in the future e.g. it looks at change in national income in a changing society.

ECONOMIC SYSTEM

This refers to the organisation of ownership, allocation and distribution of resources in each economy. The major economic systems include planned/command economies, market economies, subsistence economies and mixed economy.

Planned/Command economies: In a command economy, all or most decisions about resource allocation are made by central planning authority. The government fixes the quantity of each good to be produced and the price at which is sold.

It sets quotas for each individual production unit. It decides how many resources should be employed in producing the goods. The state decides how each worker is to specialise. Such a government believes that it knows best how to organise, distribute and co-ordinate a country's resources.

There is no private profit, because all resources are public owned. The individuals consumer, although being able to express a desire for certain types. Communist economies are command economies. In such planned economy, economic efficiency depends on the accuracy of the government's plan in forecasting society's wants and allocating resources to meet them. Frequently the chosen output mix will be inefficient, for instance the prices of certain consumer goods may be set at a lower level than the free market price for ideological reasons.

In a communist economy people there have only limited freedom, if any in their economic decisions, but in return they have greater security and greater social equality, basic necessities should be made available to every one at the price fixed by the government that they can all afford, but there are frequently shortages of consumer goods, which limit that choice.

The disadvantages of a planned/command Economies.

1. Having the state controlled price system it becomes impossible to judge the wants of households and so what is produced might not be what the household wanted.
2. Planning usually involves large bureaucracies, which are wasteful labour resources.
3. The co-ordination and management of large-scale economic plans are difficult in practice because of the enormous scale of the undertaking.
4. It is arguable that government of individualship lessens the incentives, of individuals and reduces initiatives, efforts and productivity due to absence of profit motive.
5. There is no consumer sovereignty; therefore freedom of choice is violated.
6. Due to opposition of masses, centrally planned economies have always been characterised by lack of domestic institutions.
7. There is absence of competition in a command, which is a discentive to efficiency.

Advantages of Command/Planned Economy

1. It ensures proper allocation of resources
2. There is price and economic stability, which can lead to rapid economic growth e.g. the communes of China.
3. Maximisation of social welfare due to public ownership.
4. The state gets full control and is able to implement economic plans effectively.
5. It reduces income inequalities by removing inequalities of opportunity in society.
6. The production and consumption of undesirable goods (demerit goods) can be prevented.
7. Public goods and merit goods can be provided since production in a planned economy is not for profit motive.

Capitalist system/Liberal free market economy:

A capitalist free market economy is a complete contrast to a planned economy because economic decisions are left to individuals.

The allocation of resources is the result of countless individual decisions by producers & no role for the government (state) in directing and allocation of resources.

In this system there is freedom of choice in that individuals are free to buy and hire economic resources, to organise these resources for production to sell their products in markets of their own choice. Because of this, individuals are free to enter and leave any industry producers are motivated by profits their production decision.

Thus in a market economy quantities produced, prices and resource allocation are all market determined. However, a free market economy might create unsatisfactory outcomes for how wealth is distributed, what goods are produced and how they are produced.

Disadvantages of the market Economy

1. Since all resources are only available at their prevailing market prices some members of the community might be badly deprived, unable to afford even the basic necessities of life.
2. It might result in a very unsatisfactory and socially unacceptable distribution of income.
3. Some desirable products may not be produced for lack of profitability e.g. construction of roads, Health centres etc.
4. Some undesirable products may be produced e.g., dangerous addictive drugs.
5. Competition may be eliminated by monopolies and other restrictive practices, reflecting the disproportionate economic power of certain firms and groups of society.
6. Competition may lead to a wastage of resources e.g. excessive advertising.
7. Private wealth may be maximised at the expense of others. Where such inequalities of wealth exist, resources may be allocated to production of luxury goods to the exclusion of necessities for the poor.

8. Some vital services (e.g. police and courts of law, fire services, etc) would not be provided by private enterprises and must be provided by the government.
9. Some prices of key goods (e.g. agricultural goods) might be volatile, subject to big rise and falls unless measures for prices stabilisation are taken by the government.
10. Some other key goods, such as health and education, might be provided in inadequate quantities in a free market. And provision of those goods by the state will be necessary to create them in adequate quantities.

Advantages of the market economy

1. Good quality products are likely to be generated since in free market economy there is competition, which encourages the improvement in quality of products.
2. It does not require any person to monitor it and thus costs of administration are reduced.
3. It provides an incentive to work hard and efficiency through price and profit signals. Resources go to those who can utilise them better.
4. Goods and services may be available to consumers at cheap prices. Since individuals are not forced to buy goods which he cannot afford especially if they are not essential goods.
5. Consumers sovereignty is promoted. Producers produce goods which consumers buy more.
6. Flexibility in production depending on profitability.
7. There is no resource wastage.

Mixed Economics

There is a system, which combines competitive private enterprises with some degree of central control. The disadvantages of both an entirely command economy or an entirely free market economy suggest that, a certain amount of government planning is valuable, despite the problems of a controlled economy.

Thus a mixed economy is that economy where some resources are owned by state (government) and others by private individuals.

Reasons as to why the government have no intervene in a free economy.

1. To restrain the unfair use of economic power by monopolies or other bodies who might be able to impose their wishes on the rest of society.
2. To correct the inequalities of the free market system, distributing wealth between individuals and regions.
3. To provide goods and services that private enterprises would be reluctant or unable to provide in sufficient quantities and at an acceptable price e.g. special equipment for handicapped people, armed forces and the provision of electricity and railway system.
4. To remove socially undesirable consequences of private production e.g. pollution control, regional imbalance in employment.
5. To direct change in the structure of the nations industries, by retraining programmes, aid to renew industries, investment in research and development etc.
6. To manage inflation rates, employment levels, the balance of payments and the economic growth rates in accordance with social objectives.

7. To moderate the ups and downs in the trade cycle, by trying to deepen it when it is so high that steep price inflation occurs.

PRICE THEORY

Price theory is the study of prices. Prices are relative values of goods and services in terms of money at a particular time. Price theory is also concerned with the economic behaviour of individual consumers, producers and resource owners. It explains the production, allocation, consumption and pricing of goods & services.

THE CONCEPT OF A MARKET.

In economics, a market is an arrangement in which buyers and sellers negotiate the exchange of a well defined commodity. In the market, buyers and sellers must communicate together.

TYPES OF MARKETS

1. Product markets: These are markets in which goods & a service to consumers are bought and sold.
2. Resource markets: These are markets in which production resources especially labour and capital are bought and sold.
3. Spot market: This is a market where a commodity or a currency is traded for immediate delivery.
4. Forward market: This is also referred to as future market. This is a market where buyers and sellers make a contract to buy or sell commodities or services at a fixed date of the price agreed in the contract.
5. Free market: This is a market where there is no government (central authorities) intervention.
6. Controlled market: This is a market controlled by the government.

Types of markets as per structure.

7. Perfect market: This refers to the market where none of the buyers or sellers had the power to influence prices in a market by either influencing demand or supply.
8. Imperfect market: This is a market where a buyer or a seller has the power to influence the price in the market by either influencing demand or supply.

PRICE DETERMINATION IN THE MARKET

Price: The price of a good or input shows what has to be given up in order to obtain a good or service. It is usually denoted in money terms, although payment need not be in monetary terms only.

In the market, price is determined in the following ways.

1. Haggling: This is when a seller asks for a given price and a consumer urges for a suitable price. The seller keeps on reducing the price and the buyer keeps on increasing the amount is willing to pay. Both parties will reach a compromise and that will be the price of a commodity. If a consumer have got more power, the price will be in his favour and vis –versa.
2. Fixing by treaties: Here buyers and sellers come together to fix the price of a commodity. The price agreed upon can later be revised by amending the treaty, e.g. the prices of coffee used to be fixed by the international coffee agreement. Prices of commodities can also be fixed by the government.
3. Sales Auction: This takes place when there is one seller and many buyers. Buyers compete for the commodity by offering high prices. The commodity is taken by one who pays the higher prices (the highest bidder) the seller at times fixes the reserve price or the minimum price he/she can accept.
4. Determination of price by forces of demand and supply.
5. Resale price maintenance: Some manufacturers want to control the prices at which the retailers will sell their products. They (manufactures) allow a discount to retailers and indicate to them the price to charge consumers e.g. newspapers.

TYPES OF PRICES

- (a) Equilibrium Price: This is a price determined by forces of demand and supply.
- (b) Market Price:- This is the price prevailing in the market at any particular time.
- (c) Normal price:- This is the equilibrium price which is established after along period of fluctuations.
- (d) Reserve Price: This is the minimum price below which a seller will not sell his commodity in a perfectly competitive market.

ANALYSIS OF DEMAND AND SUPPLY

DEMAND THERORY

Demand refers to the desire backed by the ability and willingness to have the commodity desired. The total demand in an economy is referred to as “aggregate demand”. Demand backed by actual payment may be described as effective demand”

DEMAND FUNCTION

This is an algebraic expression of the dd schedule expressed either in general terms or with specific numerical values expressed for various parameters and usually including all factors affecting dd.

i.e. $Q_d = F(p_i, p_j, y_h, t, E, D_y, A, G, P_n, S_{etc})$

Q_d = demand of a good

P_i = Price of goods

P_j = price of other goods

Y_h = the size of household income

- T = tastes and fashion
- E = expectations
- Dy = the distribution of income
- A = Advertising
- G = Government policy
- Pn = Population
- S = Seasonal changes

Thus the demand for a commodity is influenced by so many factors some of which are the following:

Demand and price of the good

The demand of a good depends on its own price. The higher the price, the lower the quantity demanded and vice versa. When the price increases, consumers will buy less of the commodity whose price have increased and buy more of the substitute whose price will have not changed.

The demand schedule.

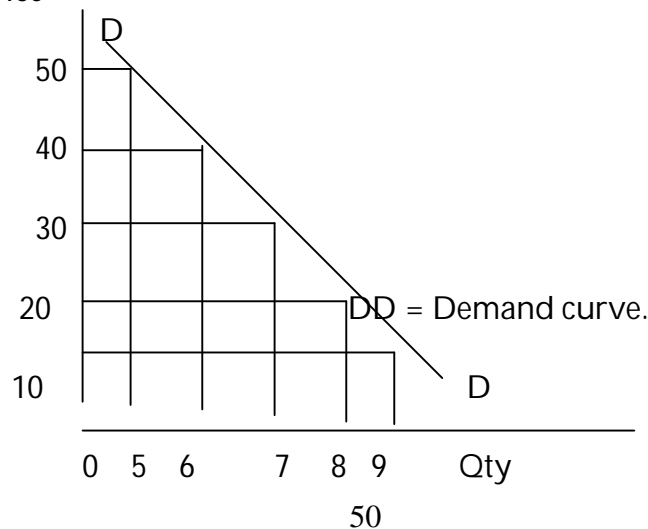
This is a table showing the level of demand for a particular good at various levels of price of the good in question. It relates to the specific period of time (e.g. per annum, per month etc) it is drawn on the basis that other factors affecting the level of demand e.g. income, tastes, price of other goods etc are held constant.

Demand schedule for soap powder

| Price per Kg | Quantity demand in 10 kgs |
|--------------|---------------------------|
| 10 | 9 |
| 20 | 8 |
| 30 | 7 |
| 40 | 6 |
| 50 | 5 |

We can show this schedule graphically with price on Y-axis and quantity demanded on the X-axis.

The demand curve price



The demand curve is drawn by joining the points shown in the figure above by a continuous line DD. Thus the demand curve is a graphical representation of the demand schedule. It is a locus of points showing quantity demanded of the commodity at various prices per period of time. It is drawn on the assumption that the higher the price the lower the quantity demanded and vis-versa other factors remaining constant.

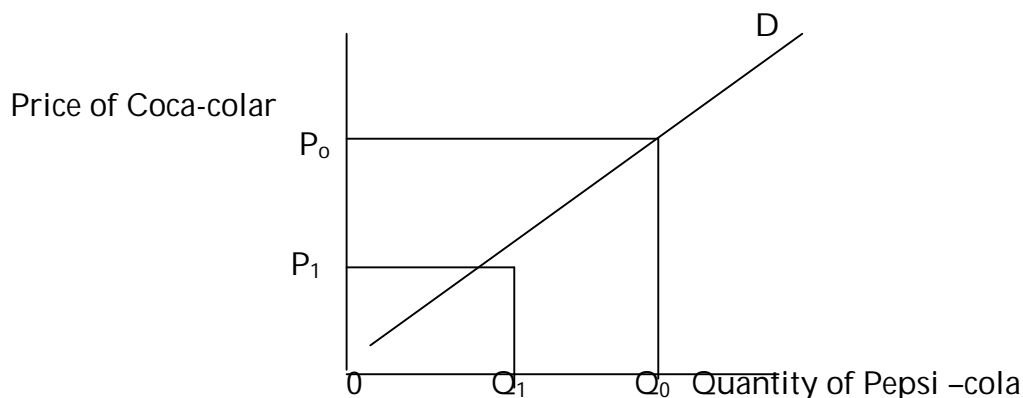
2. Demand and the price of the other goods.

The change in one good may not necessarily change the demand for another good e.g. on increase in the price of salt will not affect the demand for motor cars, However there are goods for which the market demand is in some way interconnected these inter-related goods are referred to as either substitutes or complements.

Substitutes goods

These are goods that are alternative to each other, so that an increase in demand for one is likely to cause a decrease in the demand for another e.g. Coca-cola and Pepsi –cola, bus rides and car rides etc.

The cross demand curve of substitutes.



In the figure above, a fall in price of coca-cola ($P_0 - P_1$) causes a decrease in the demand for Pepsi-cola from Q_0 to Q_1 .

Goods are regarded as substitutes if a rise (or a fall) in the price of one good results in a rise (or fall) in demand for the other. The extent or amount of substitution that takes place depends on:

- (a) The amount of price change
- (b) The closeness of substitutes.

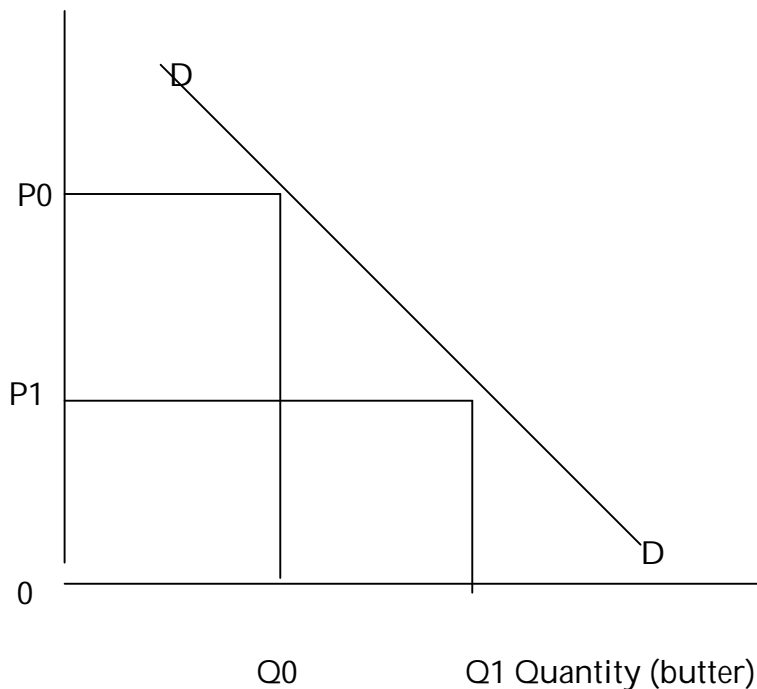
Complements

These are goods that tend to be bought and used together so that an increase in the demand for one is likely to cause an increase in the demand for the other e.g. motor cars and fuel, bread and butter etc.

In the above figure a fall in the price of bread from P_0 to P_1 will increase the quantity of butter demanded from Q_0 to Q_1 because demand for bread will rise in response to the price change.

The demand curve of complements

Price of bread

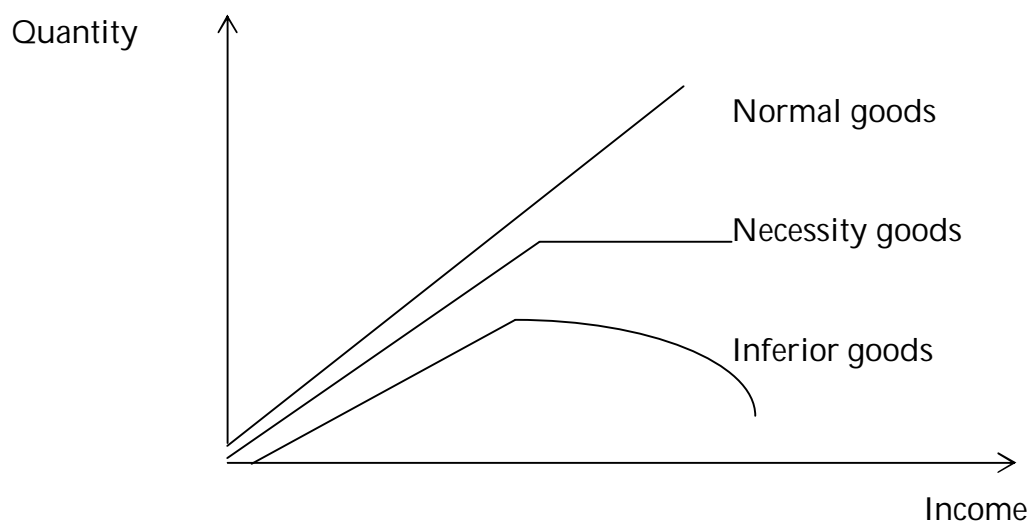


3. Demand and the size of the household income

The level of income that a household earns will affect the demand for a good. More income will give household more to spend and they will want to buy more goods at existing prices. However, a rise in household income will not increase the market demand for all goods and services. The effect of a rise in income on demand for an individual good will depend on the nature of the good.

- If a rise in household income increases demand for a good, then such a good is a normal good.
- If demand increases up to a certain point and then remains unchanged as household income continues to rise e.g. basic foodstuffs such as salt, bread etc for which demand can reach a maximum level because there is a limit to what consumers can or want to consume then such goods are necessities.
- Goods whose demand eventually falls as income rises are called inferior goods e.g. tripe, Kasese Waragi etc. The reasons for falling demand is that consumers will prefer superior products to inferior products (e.g. beef instead of tripe, Uganda waragi instead of Kasese (crude) then goods are inferior goods.

The above three cases can be illustrated with the figure below:



4. Demand taste and fashion.

A change in fashion will alter the demand for a product. Changes in taste may stem from psychological, social or economic causes e.g. if it becomes fashionable for middle class households in Sheraton Hotel to drink wine with their meals, the flow of expenditure on wine will increase.

Taste of fashion is likely to be unpredictable and so changes in demand might be only temporary e.g. the influence of an advertising campaign may have a temporary effect on demand.

5. Demand and expectations

Where consumers believe that prices will rise, or that a shortage will occur, they will attempt to stock up on the product, thereby creating excess demand in the short run which will increase the prices. This can then lead to panic buying e.g. fear of war, expectation of the budget, the effects of strikes etc.

6. Demand and the distribution of national income

Market demand for a good is influenced by the way in which the national income is shared between households when income is equitably distributed in the economy, the market demand for the product will be high and vice-versa.

7. Demand and seasonal changes

The demand for certain products changes according to changes in seasons e.g. X-mas cards, tapes etc. When the season is favourable, the demand will be high and vice-versa.

8. Government policy and demand

When the government imposes taxes on goods, the price of goods increases.

This discourages consumers and quantity demand reduces. The offering of subsidies by the government encourages consumption and therefore quantity demanded increase.

9. Population

The demand for the production is influenced by the size of the population, a big size of population will lead to move effective demand than a small one provided by the population has an ample purchasing power.

The individual demand curve

The individual demand curve focuses the attention on the effects of a change in the prices of one commodity on the consumer's behaviour. It is influenced by factors like:

- (a) The goods own price
- (b) Price of other goods
- (c) The size of household income
- (d) Tastes and fashions
- (e) Expectations
- (f) Advertising.

Market Demand

The market demand is the summation of the individual consumer's demands for a homogeneous commodity. The summation of different quantities of a commodity demanded by a number of individuals at various prices will give "a market demand schedule)".

The market demand schedule for three consumers (X,Y,Z)

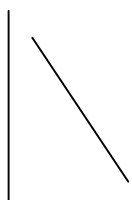
| Price (shs) | Quantities dded in 000kgs | | | Total demand in 000kg |
|-------------|---------------------------|----|----|-----------------------|
| | X, | Y, | Z | |
| 600 | 5 | 3 | 2 | 10 |
| 500 | 8 | 7 | 5 | 20 |
| 400 | 11 | 10 | 9 | 30 |
| 300 | 14 | 14 | 12 | 40 |

Market demand curve

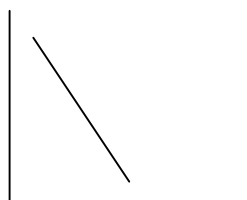
This curve is also drawn from the demand schedule, expressing the expected total quantity of the good that would be demanded by all consumers together at any given price.

Derivation of the market demand curve.

Price house hold x



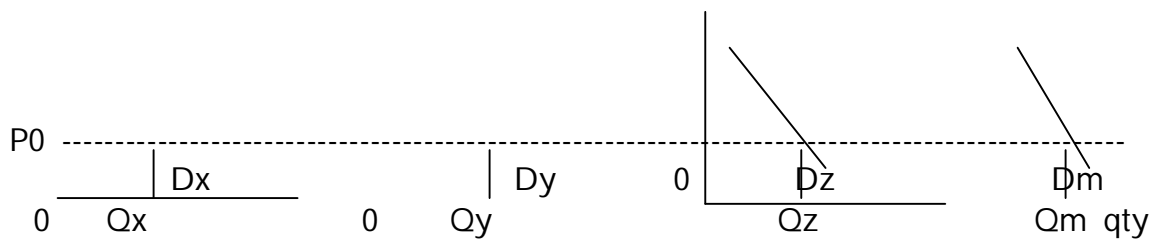
Household Y



House hold Z

House hold M





In the Market Q_m quantity will be bought which is made up by adding together the quantities $(Q_x + Q_y + Q_z)$. The market demand curve D_m is obtained by the horizontal summation of the individual demand curve (D_x , D_y , and D_z)

NB: Market demand is influenced by factors like:

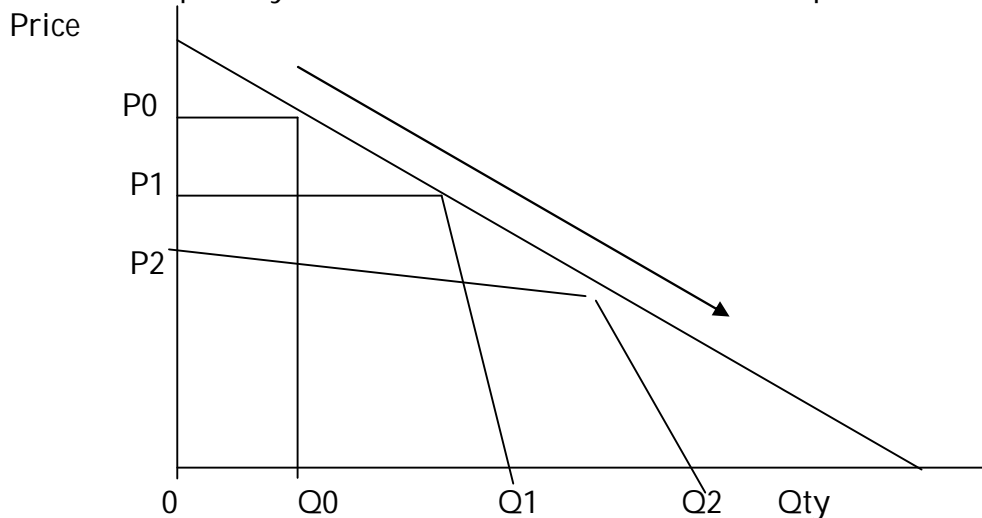
- (a) The market price of the commodity
- (b) Price of other commodities
- (c) Income distribution
- (d) Taste and preference of all households
- (e) Size of population
- (f) Total household income etc.

Movement along the demand curve when the price changes.

Changes in quantity demanded caused by changes in price are represented by movements along the demand curve movement along the demand curve represented by changes in price at the same demand curve.

Extension of the Demand curve

This is indicated by the down ward movement along the same demand curve. It refers to an increase in quantity demanded due to a reduction in the price of the commodity.

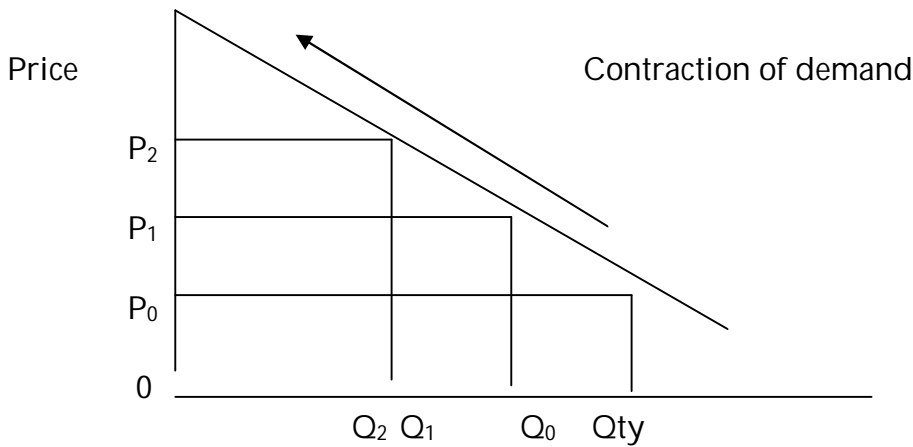


In the figure above, as the price reduce from P_0 to P_1 , to P_2 quantity increases from $0Q_0$ to $0Q_1$ to $0Q_2$.

Contraction of demand

This is indicated by the upward movement along the same demand curve. It refers to a decrease in quantity demanded due to an increase in the price of the commodity.

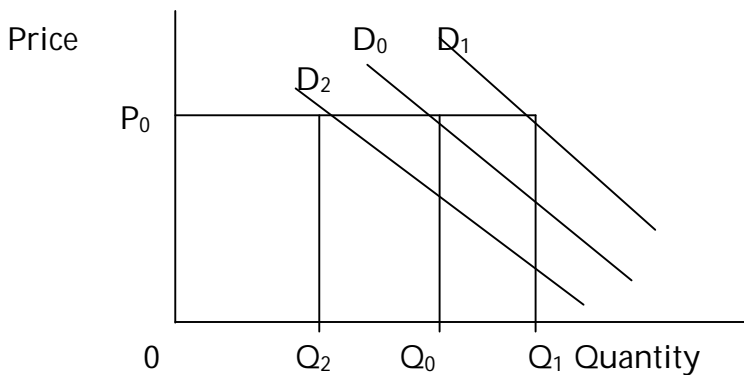
Illustration



CHANGE IN DEMAND

It refers to the change in quantity demanded at constant prices brought about by changes in factors which determine demand.

When there is change in other factors that affect demand, the relationship between quantity demanded and price will also change and there will be a different price quantity demanded schedule and so a different demand curve. We refer to these changes as a shift of the demand curve.



The figure above depicts a rise in demand at each price level with the demand curve shifting to the right from D_0 to D_1 e.g. at price P_0 demand for the good would rise from OQ_0 to OQ_1 . This shift could be caused by any of the following;

- (a) A rise in household income
- (b) A fall in the price of substitutes
- (c) A fall in price of the complements
- (d) A change in tastes towards this product
- (e) An expected rise in the price of the product

- (f) Increase in population
- (g) Subsidisation of consumers
- (h) A more less equal distribution of income.

The above figure also depicts “decrease in demand” at each price level, which is represented by a shifting to the left of the demand curve from D_0 to D_2 . This may be caused by the reverse of the changes described in the points above. At price O_p , the demand will fall from OQ_0 to OQ_1

NB:

1. A shift of the demand curve to the right portrays an increase in the quantity demanded at any given price.
2. A shift of the curve to the left portrays a reduction in the quantity demand at any given price.

THE SLOPE OF THE DEMAND CURVE.

The demanded curve is a locus of points showing quantity demanded of a commodity at a various prices per period of time. The demand curve slopes down wards from left to right it illustrates the LAW OF DEMAND which states that

The higher the price, the lower the quantity demanded and vice-versa (*ceteris peribus*). This is due to the following factors;

1. The law of diminishing marginal utility: It states that as one consumes more of a commodity, after a certain point, the satisfaction derived from additional units (marginal utility) diminishes (reduces). As the consumer purchases more of the commodity, marginal utility diminishes. He can consume additional units only if the price is reduced.
2. Income effect;

As the price falls real income of the consumer increases i.e. they can purchase more units of the commodity with the same money income. Alternatively an increase in price reduces real income and reduces quantity demanded. Thus real income is money income over price. It is the actual quantity of goods obtained from the money income.

3. Substitution effect

As the price of the commodity falls keeping the prices of substitutes constant, consumers purchase more of it and purchase less of the substitutes. When the price of the commodity increases, consumers abandon it and buy its substitutes, which are relatively cheaper.

4. The price effect;

This is a combination of income effect and substitution effect when the price of the commodity falls, consumers buy more of it because of the substitution and income effects.

5. Presence of low income groups

Ordinary people (low income group) buy more when price falls and less when price rises. The rich do not have any effect on the demand curve because they are capable of buying the same quantity even at a higher price.

6. Different uses of the commodity. If the commodity has many uses, then it means those uses have some substitutes. Therefore the price of the commodity increases, people will divert A to those substitutes and therefore quantity demanded will decrease and vis-versa.

SUPPLY

Supply refers to the quantity of goods and services that existing suppliers would want to produce for the market at a given price in a given period of time.

The supply function

This is the statement which shows the technical relationship between quantity supplied and the major determinants of quantity supplied of the commodity.

$$Q_s = F(P_1, P_2, P_{11}, F_1, F_n, G, T \text{ etc})$$

Where P_1 = The commodity's own price

P_2, P_n = Factors of production

G = Goals of the firm

T = Technology

The factors which influence the quantity supplied

1. Price of commodity itself: In general, suppliers will want to supply a greater quantity of their out put at higher prices. Higher prices may mean greater profits and so the firm would be attracted by the prospects of bigger profits into supplying more units of out put. This can be shown by the supply schedule below.

The supply schedule

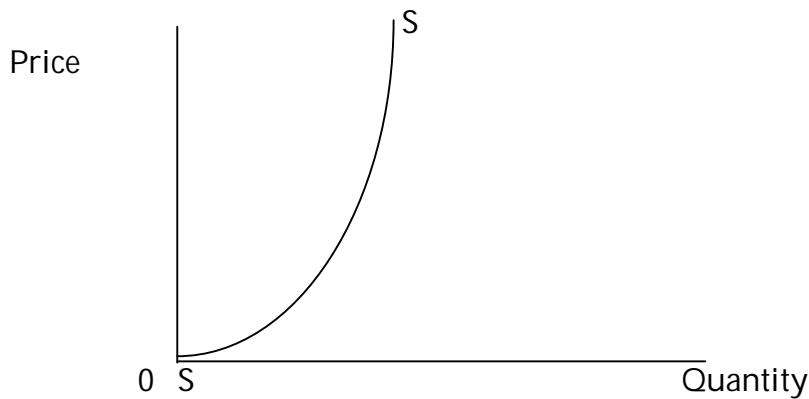
This is a numerical representation showing the amount of the commodity brought to the market at various prices per period of time.

A table showing the supply schedule for product Y

| Price per Unit (SHS) | Quantity Supplied per Month (Kgs) |
|----------------------|-----------------------------------|
| 100 | 10,000 |
| 150 | 20,000 |
| 300 | 30,000 |
| 500 | 40,000 |

This schedule can be shown graphically with price on Y – axis and quantity supplied on X – axis

The supply curve



SS= Supply Curve

The supply curve is drawn by joining the points shown in the figure above by a continuous line SS. Thus the supply curve is a graphical representation of the supply schedule. It is the locus of points showing quantity supplied of each commodity at a various prices per period of time, the greater the quantity supplied other factors remaining constant.

2. The price of other goods

An increase in the price of other goods would make the supply of a good whose price does not rise more unattractive to suppliers. Keeping other factors constant, when the prices of substitutes increases it becomes more profitable to produce substitutes which fetch higher and profits. When the price of substitutes fall, quantity supplied of the commodity increase because it becomes more profitable to produce the commodity whose price is relatively higher e.g. when the price of cassava fall, producers reallocate resources from cassava production to potato production whose price are relatively high for products which are produced together. An increase in supply of the other e.g. an increase in price of shirts would lead to an increase in supply of cotton, cotton oil dye etc.

3. The cost of production

The cost of production which in turn depends on the prices of factors of production i.e. wages, interest rates, rent and profits. A rise in price of these factor (increases costs of production) which reduces supply and vice-versa.

4. Changes in technology

Technological developments which reduce costs of production and increase productivity will rise the quantity supplied of a good & vice-versa.

5. Natural Factors

Unfavourable natural factors decrease supply and vice-versa (e.g. agricultural goods)

6. Goals of the firm

If the goal of each firm is profit maximisation, then supply will be low so as to change higher prices. If it is sales maximisation, then supply will be high and producers would want to sell as much as even though they are getting little profits.

7. Number of producers

If there are many producers of a commodity quantity supplied is likely to be higher than where there are few producers.

8. Working conditions

Favourable terms of services would like good working condition prestige of work of services, power, professional excellence etc. will increase supply. These terms are referred to as non-pecuniary advantages (are not measurable in monetary units). While poor working conditions (non-pecuniary disadvantages) will reduce supply.

9. Government Policy

Taxation will increase costs of production which lead to low quantity supplied and subsidies would lead to a reduction in cost of production and an increase in quantity supplied.

10. Gestation period

This is the production period (maturing period). The longer gestation period reduces SS and a shorter gestation period increase the SS.

11. Entry of new firms in the industry

Once the market price and profits are conducive enough, this will act as a factor that will attract other firms in the industry leading to an increase in the SS of the commodity on condition that there is free entry and exit (perfect competition). In case of blocked entry (monopoly) SS will be restricted so as to sell at high prices.

12. Demand: High market demand calls for increase production and SS and Vice-versa.

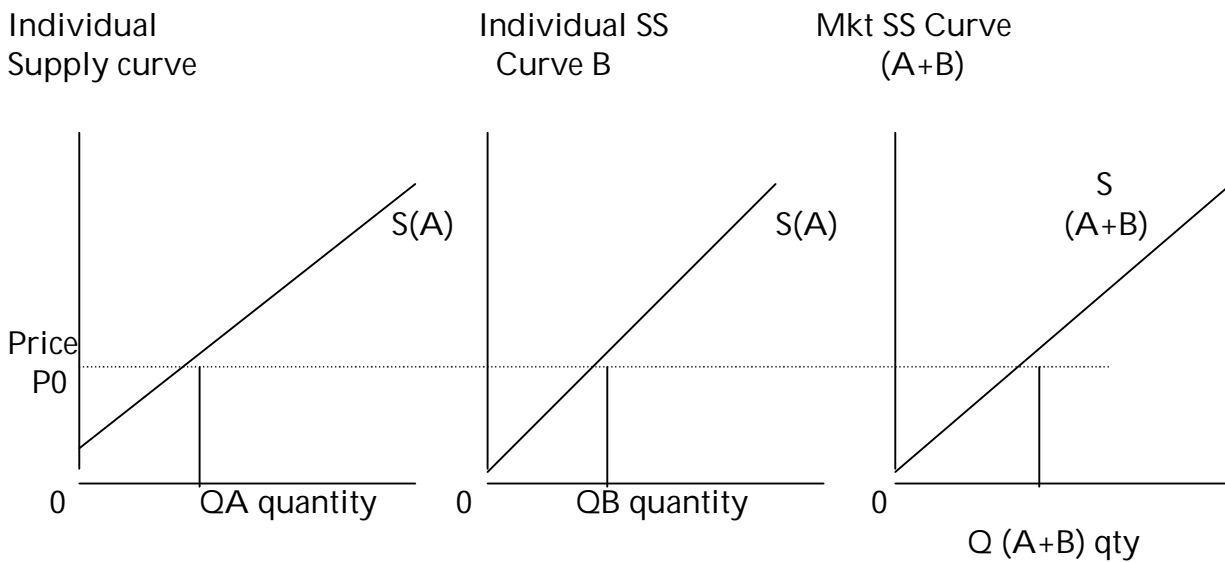
13. Availability of inputs: The more available the inputs the greater the supply. Scarcity of factor inputs reduces SS.

The Individual SS Curve

An individual SS curve shows the quantity of a good that the individual firm want to supply to the market at any given price.

The market supply Curve

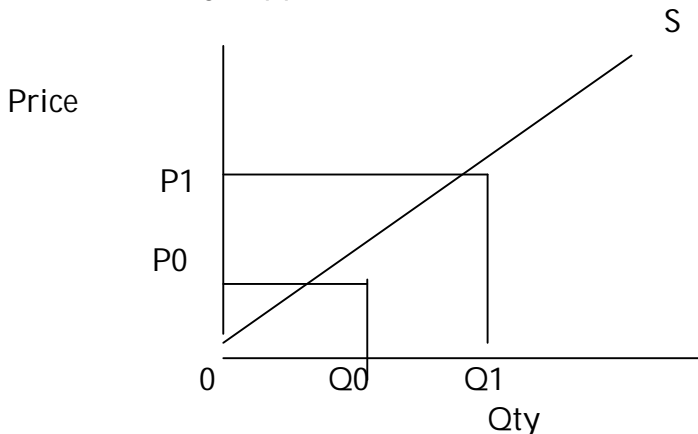
The market supply curve shows the horizontal summation of the SS curves of all individual suppliers in a commodity. The market supply curve is more elastic than the supply curves of the various individual's suppliers. This can be illustrated in the figure below.



In the figure above the quantity supplied in the market is the summation of the quantities supplied by (A) and (B) i.e. $Q(A+B)$.

THE LAW OF SUPPLY

This law states, keeping other factors constant, the higher the price the greater the amount of the commodity supplied and vice-versa. It is illustrated by the supply curve.



In the figure above, when the price increases from OP_0 to OP_1 quantity supplied increases from OQ_0 to OQ_1 and vice versa.

The slope of the supply curve.

The SS curve is positively sloped (it sloped upwards from left to right) showing the direct relationship between price and quantity supplied. (see the figure above)

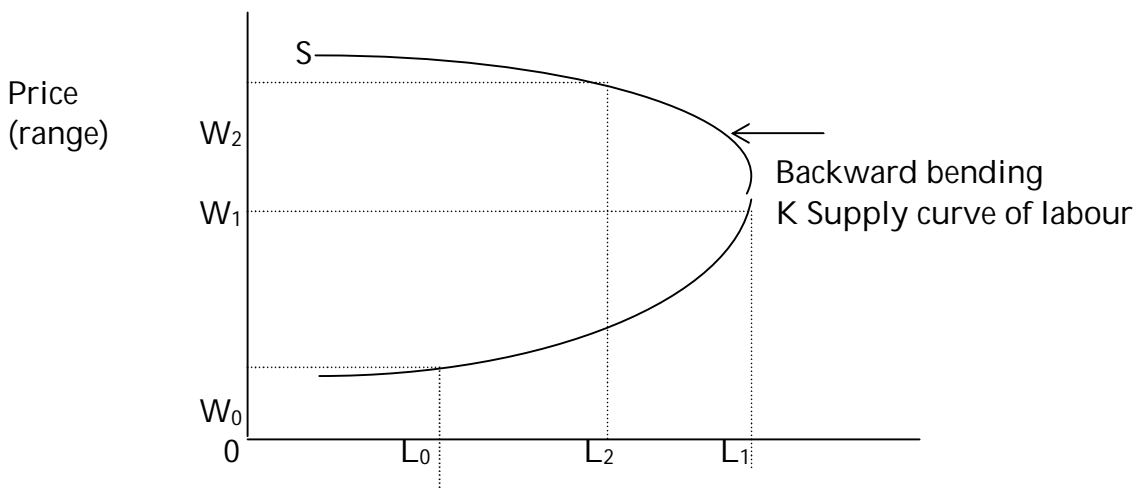
The positive slope is explained by the following factors:

1. Entry of new firms in the industry; When the price of a commodity increase new firms will be attracted to enter the industry due to prospects of increase profits. This will lead to an increase in SS as the price increases.
2. Profit Motive; If the goal of the firm is to earn more profits, then as the price of the commodity increase suppliers will SS more in order to make more profits.
3. The attempt by firms to maintain equilibrium under project competition.
4. The struggle to maintain equilibrium in the free market condition.
As demand increases, prices will due to a shortage, firms will increase output in order to cover the shortage.
5. Ease of diverting resources from the production of the commodity whose price has reduced to the production of the commodity whose price has increased e.g. if the price of groundnut increase keeping the price of beans constant producers will easily divert resources (land, labour, capital) from the production of beans to the production of groundnuts. This will lead to an increase in SS of groundnut as the price increases since producers will be expecting higher profits.
6. The attempt by firms to maintain equilibrium under perfect completion:
Under such conditions firms aim at producing at a point where $P=MR=AR=MC$. So firms always struggles to adjust output so as to equate price and marginal cost.

ABNORMAL/RESRESSING/EXCEPTIONAL SUPPLY CURVE.

Normal supply curve usually slopes upwards from left to right. In this case the regressive supply curves do not obey the law of supply and they do not slope upwards from left to right. Examples are:

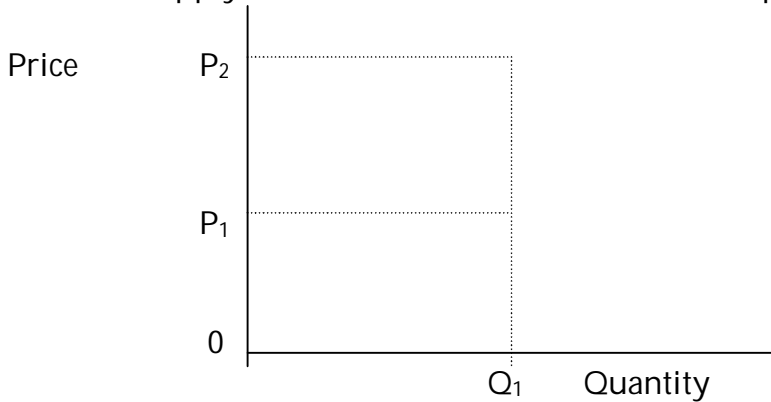
1. The supply curve of labour



In the figure when the range is increased from $0W_0$ to $0W_1$, labour supplied increase from $0L_0$ to $0L_1$. After point K, as the range increases from $0W_1$ to $0W_2$, labour supply reduces from $0L_1$ to $0L_2$. After point K, makes start working less hours because the range $0W_1$ was enough to meet their targets. Some workers may later abandon work after working enough money. Such workers are called target workers because they work only to full fill certain targets after

which they leave work or work less hours. Also as people work more money, they prefer leisure to work.

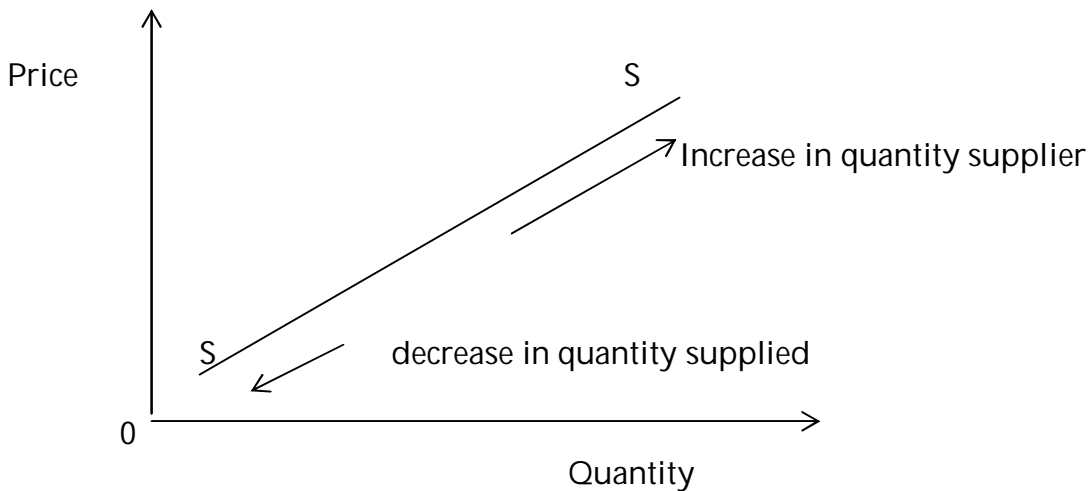
2. Fixed supply: This is another case of abnormal supply curves



In the figure despite the increase in price from OP_1 to OP_2 , quantity supplied remains the same (OQ_1) e.g. the supply of Agricultural products in the short run.

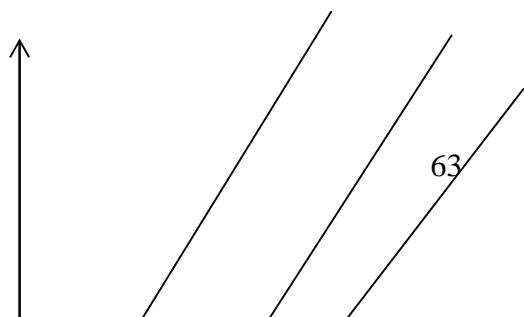
CHANGE IN QUANTITY SUPPLIED AND CHANGE IN SUPPLY

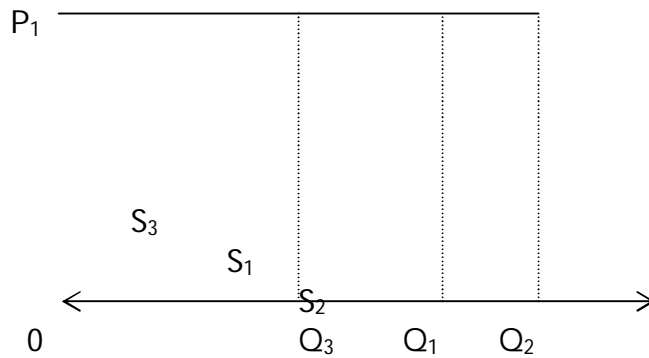
1. Change in quantity supplied. This occurs when there is a change in price of a commodity when other determinants of quantity supplied are assumed to remain constant. It is illustrated by movements along the same supply curve as shown below:



2. Change in supply

This refers to the change in the state of supply at constant prices which arises from changes in variables which are assumed constant by the law of supply e.g. technology, price of competing commodities, etc. It is illustrated by the shift of the supply curve.

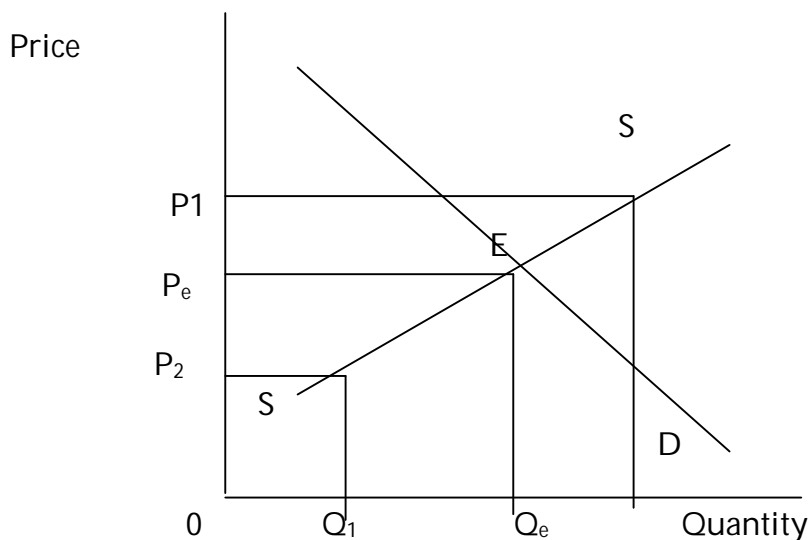




From the figure, at each possible price e.g. OP_1 , quantity supplied can increase or decrease because of changes in other determinants a quantity supplied. Increase in supply curve to the right (S_1 to S_2). Quantity supplied increase from OQ_1 to Q_2 at a constant price OP_1 . Decrease in supply is illustrated by strict of the supply curve to the left (S_1 to S_3). Quantity supplied decreases from OQ_1 to OQ_3 at a constant price OP_1 .

PRICE DETERMIANTION BY FORCES OF DEMAND AND SUPPLY.

In a competitive market, prices are determined by the mechanism which is the coordination of different objectives and activities of buyers and sellers by 'invisible forces' of demand and supply. This can be illustrated graphically as shown below.



In the figure at a high price, OP_1 , supply exceeds demand i.e. we have excess supply (Q_1, Q_2) because producers supply too much because of the high price. Suppliers reduce the price to OP_2 so as to sell the excess supply. At a low price OP_2 , there is high demand which leads to excess demand i.e. a situation where demand exceeds supply. Excess demand implies that there is a shortage of commodities which results into an increase in the price. The trend of increasing and falling price continues until quantity demanded is equal to quantity supplied. This point (E) is called equilibrium. From the figure above, OQ_e is equilibrium quantity bought and sold. OP_e is equilibrium price. When equilibrium price is stable for some time (i.e. in the long run) it is called the normal price or the natural price.

NB: Equilibrium price may be different from the market price. Market price refers to any price determined by buyers and sellers in the market. Irrespective of whether supply is equal to demand or not. Therefore, equilibrium price is the market price where what is brought to the market by suppliers is cleared by buyers without leaving any excess supply or excess demand.

PRODUCTION THEORY

Production refers to the process through which utility is created in the goods and services in order to satisfy human wants which may be private or public. It involves the following:-

- a) Change of form e.g raw materials to finished products or intermediate goods.
- b) Change of place. This involves the transportation of raw materials and finished products
- c) Change of ownerships which involves exchange of goods and services.
- d) Provision of direct services such as those of a teacher an engineer, a doctor etc.

LEVELS OF STAGES OF PRODUCTION

1. Primary production: This refers to the extraction of basic raw materials from land, seas, air, etc and application of labour on these resources to produce primary products, such production includes farming, mining, hunting, fishing etc.
2. Secondary production. This involves the transformation of raw materials into finished commodities which are ready for use. It is the actual creation of utility in goods to make them provide satisfaction. It includes manufacturing, construction etc.
3. Tertiary production. This involves the production of services. These services may be direct as those of a teacher, doctor, lawyer, etc or commercial services which facilitate trade e.g insurance, transport, banking, warehousing etc. The provision of these services is necessary in order to bridge the gap between the producer and consumer

TYPES OF PRODUCTION.

- a) Direct production: This involves the production good and services for one's own satisfaction. This type of production is also called substance production e.g making of tools for one's own use, treating your own child etc.
- b) Indirect production: This is the production of goods and services for exchange (for market)
- c) Round about production. This is the production of items not for consumption but for further production e.g production of machines, inputs like chemicals used in some industries, etc.

The products of this type of production are known as producer goods

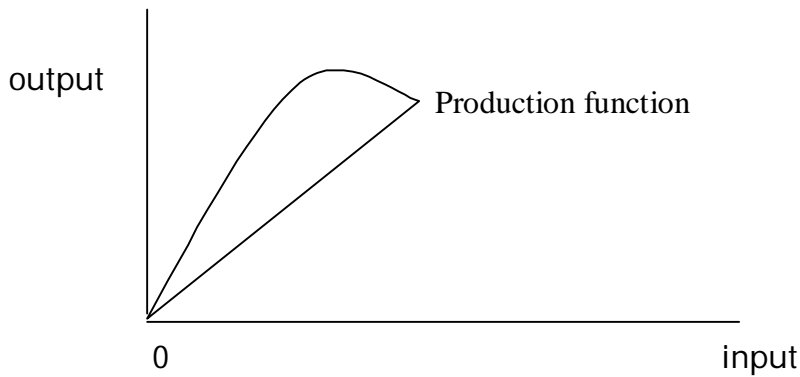
FACTORS OF PRODUCTION

These are known as agents of production. They refer to the resources or inputs required in the production of goods and services. They include land, labour, capital, and entrepreneur.

Every time a unit of output is produced, inputs must be combined to bring about transformation. The technical relationship (physical) between producer inputs and the output per unit of time is known as the production function e.g in producing 5 bags of beans, one can require one acre of land, 2 hoes, 2 workers, fertilisers, etc, mathematically, it is represented as:- $Q_x = f(L, K, N, T, \dots)$

Where Q_x = quantity produced (output)
L = land
K = Capital
N = Labour
F = Functional relationship
T = Technical progress

Graphical representation of production function



The above figure shows the relationship between output and input.

CAPITAL

This refers to any man made resource which is used in the production process e.g machinery, roads, buildings, money etc. the payment to capital is interest.

Capital accumulation

It refers to a process through which the capital of a country increases over time. Capital accumulation is necessary because it increases resources utilisation, standards of living and acts as an engine for development.

LABOUR

This refers to all human effort both mental and physical inherited or acquired which is used in the production process labour can be skilled, unskilled, semi-skilled, productive and unproductive labour

LABOUR SUPPLY

Labour supply refers to the number of all able bodies individuals willing to work at the ongoing wage rate. It also refers to the number of hours a labourer is willing to offer for work. Its payment is a wage or salary.

FACTORS AFFECTING LABOUR SUPPLY.

1. The age structure of the population. The labour force of a country is constituted by people of age between 16 – 64 years. The age category of 0 – 15 years and of 65 years plus is considered unproductive labour. In a country where the first category is higher, labour supply will be high and where the second category is high, labour supply will be low.
2. The size of population is likely to have a high supply of labour than that one with a small size of population
3. Education level. This determines the supply of skilled and educated labour. Once the level of education is low, supply of skilled labour will be low and vis-versa.
4. Degree of job security. Jobs with job security attract more labour than those without. Workers are often attracted in occupations with limited changes of being chased anyhow.
5. Rate of investment in the economy where there is a high rate of investment especially in the industrial sector, supply of labour will increase due to availability of training facilities for labour.
6. Period of training where the period of training is long, labour supply will be low and vis-versa. This is especially true with skilled labour.
7. Job esteem (respect). Jobs with low esteem attract less labour for example there are very few people willing to work as toilet cleaners, therefore labour supply in such occupations is low due to the low level of respect in such jobs.
8. Political stability. In areas with political instability and insecurity will not attract labour. This factor explains the levels of labour supply especially in form of foreign expatriates in countries besieged with political instabilities.

LAND

It refers to all natural resources which aid in production found any where on the earth or above it. It includes soil, minerals, forests, swamps, rivers, lakes, seas and atmosphere. Its payment is rent.

THE ENTREPRENEUR

This is a person or group of persons who combine the other three factors of production into an organised relationship to make the production process possible.

FUNCTIONS OF AN ENTREPRENEUR

1. Co-ordinator. He combines all other factors of production together, he puts them in a 'pot' of production and he generates goods and services. Right quantities of each input

and the best proportions are chosen to ensure efficiency and the best quality of products.

2. Controller. He controls or manages the enterprise. He takes care of the staff discipline, supervise them and he looks into staff welfare and ensure proper use of finance.
3. Decision maker. He takes a high level of decisions concerning the running of the business i.e he decide what to produce, how to produce, for whom to produce, where to produce and what price to charge etc.
4. Risk and uncertainty bearing. There are many risks and uncertainties in business e,g theft, a fall in demand, change of government policy etc. The entrepreneur risks his capital against such risks and uncertainties. He insures against risks or spreads them by producing many products in which case it is called hedging so as to reduce losses.
5. Innovator. An entrepreneur looks into the future of his business to predict whether it is bright or gloomy. He designs appropriate measures to make improvements or tackle problems. He looks out for new methods of production, new methods of combining factors of production to produce the same commodity in the cheapest manner.
6. Director. He directs all the factors of production.

The payment to entrepreneur is profit.

THE THEORY OF COSTS

Costs of production refers to what is incurred to produce a given amount of output. Costs of production include:

1. **Implicit costs:** These are costs which cannot be computed in monetary terms. They are not included in the calculation of the costs of the firm. Such costs are incurred by the producer's own labour, estimated rent for his building, the interest on capital invested by the entrepreneur himself, the salary he would get if he was not content with the profits, the salary he would pay his house wife, etc.
2. **Explicit costs:** These are costs (expenses) which are production. They are calculated in monetary terms. They include: Labour costs, raw material costs, power, transport, etc.
3. **Economic costs:** These are payments made by the producers to resource suppliers in order to ascertain continuous supply of raw materials.
4. Social costs; They refer to the disadvantages which are imposed on society as a result of private production. Such costs include pollution, resource depletion, etc. Sometimes these costs are referred to as externalities of production.

SHORTRUN COSTS OF PRODUCTION

Shortrun is a period in the production process in which a firm cannot alter its size, equipment and scale of organisation to meet increasing demand such costs include:

(a) **Fixed costs(FC):** These are costs which do not vary with the level of out put. They are costs which are incurred irrespective of out put levels. They include: Rent, interest on capital, salaries of top management, etc. Fixed costs are also referred to as supplementary costs, over head costs, un avoidable costs or indispensable costs of production.

Total fixed costs(TFC) is the summation of all the fixed costs.

(b) **Variable costs (VC):** These are costs of production which vary with the level of output. As output changes costs also change. They are also referred to as prime costs, direct costs or avoidable costs of production. Total variable cost (TVC) is the summation of all the variable costs of production.

(c) Total cost (TC): This is the overall cost the firm incurs in order to produce its output. It is the sum of the variable costs and the fixed costs. This can be expressed.

$$\text{Total cost (TC)} = \text{Total Fixed Cost (TFC)} + \text{Total Variable Costs (TVC)}$$

$$\text{i.e. } TC = TFC + TVC$$

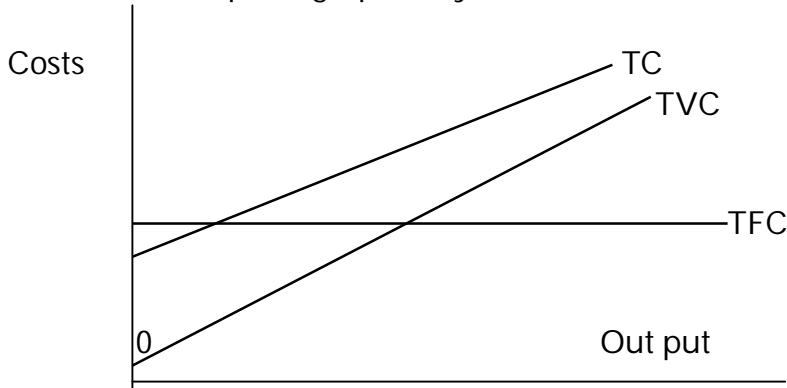
RELATIONSHIP BETWEEN TFC, TVC AND TC

1. The total fixed curve is a straight line because total fixed costs do not vary with output levels.
2. The TFC curve begins above zero because of the fixed costs, i.e. even when output is zero some costs have to be incurred.
3. The TC curve lies above the TVC because it is a sum total of both the TVC and TFC i.e. $TC = TFC + TVC$.
4. When output is zero, there are no costs incurred ($TVC = 0$, so $TC = TFC$).
5. The TVC curves slopes upwards from left to right because variable costs increase as output increases.

A TABLE SHOWING TFC, TVC AND TC

| Out put (O) | TFC | TVC | TC = TFC + TVC |
|-------------|-----|-----|----------------|
| 0 | 60 | 0 | 60 |
| 1 | 60 | 30 | 90 |
| 2 | 60 | 40 | 100 |
| 3 | 60 | 45 | 105 |
| 4 | 60 | 55 | 115 |
| 5 | 60 | 75 | 135 |
| 6 | 60 | 120 | 180 |

This relationship can graphically be shown as below



PER UNIT COST OF PRODUCTION

1. Average total cost (ATC): This refers to the total cost of production per unit output. This can be expressed as:

$$ATC = \frac{TC}{Q}$$

Where Q is the output.

2. **Average fixed costs (AFC):** This refers to the fixed costs incurred in producing each unit of out put. IT is equal to the total fixed costs divided by total output i.e.

$$AFC = \frac{TFC}{Q}$$

3. **Average variable costs (AVC):** This refers to the variable costs incurred in producing each unit of output

$$AVC = \frac{TVC}{Q}$$

4. Marginal cost (MC): This refers to the additional costs incurred in producing an extra unit of out put. It is expressed as:

$$MC = \frac{\text{Change in Total Cost}}{\text{Change in out put}} = \frac{\Delta TC}{\Delta Q}$$

Where Δ = Change

Illustration Table

| Output | TFC | TVC | TC | AFC | AVC | AC | MC |
|--------|-----|-----|-----|-----|-----|----|----|
| 1 | 60 | 30 | 90 | 60 | 30 | 90 | - |
| 2 | 60 | 40 | 100 | 30 | 20 | 50 | 10 |
| 3 | 60 | 45 | 105 | 20 | 15 | 35 | 5 |

| | | | | | | | |
|---|----|-----|-----|----|-------|-------|----|
| 4 | 60 | 55 | 115 | 15 | 13.75 | 28.75 | 10 |
| 5 | 60 | 75 | 135 | 12 | 15 | 27 | 20 |
| 6 | 60 | 120 | 180 | 10 | 20 | 30 | 45 |

Graphical Representation

RELATIONSHIP BETWEEN MC, AC, AFC AND AVC

1. AC, MC and AVC curves all take a U-shape i.e. they first decrease, reach a minimum and later rise as out put increases implying that initial costs drop and later rise. This U-shape is attributed to the law of variable proportions.
2. As production expands, AVC tends closer to AC curve because of the continuous fall in the AFC, i.e. AFC tends to zero as out put rises.
3. The AFC curve slopes downwards continuously because the fixed costs are divided by the increasing out put. This implies that increasing out put will make the AFC curve to fall continuously.
4. AVC always lies below the AC when the fixed costs still exist. This is because AC at any out put includes AVC and AFC at that out put. From the cost theory of the firm, $AC = AFC + AVC$.
5. After the AVC has reached its lowest point and starts rising, its rise over a certain range is offset by the fall in the AFC so that the AFC continues to fall (over that range) despite the increase in AVC.
6. MC curves cuts the AC and AVC at their lowest points and from below.
7. The point where $MC = AC$ is referred to as the optimum point of the firm and at this point average costs are lowest (at minimum).

IMPORTANCE OF THE CONCEPT OF MARGINAL COST IN FORMULATION OF THE THEORY OF THE FIRM

The concept of marginal cost has great relevance in the formulation of the theory of the firm. Its importance include:

1. It is very vital in the determination of the equilibrium point of the firm. Using marginal cost approach a firm is in equilibrium where marginal cost (MC) is equal to marginal revenue (MR) i.e. $MC = MR$.
2. Marginal costs help a firm to determine the optimum out put or size of the firm. This is determined at a point where marginal cost (MC) is equal to equal average cost (AC) i.e. $MC = AC$.

3. Marginal cost curve is helpful in the derivation of the supply curve of a firm under perfect competition where we take part of the marginal cost curve above the AVC.

LONG RUN COST CURVES

This is also known as a planning curve or an envelope curve. It is referred to as envelope curve because it is formed by a series of short run average cost curves. Each point on the longrun average cost curve (LAC) corresponds to a point on the shortrun average cost curve (SAC) which is tangent to the LAC at that point. It is also known as a planning curve because it enables the firm to have trial factor combination until it achieves the best size. Each time when there is a change in output as a result of changed scale of operation, there is a new shortrun average cost curve, the firm will continue with these trials until it achieves the best size i.e. it gets the lowest shortrun average cost curve which is tangential to the longrun average cost curve.

DERIVATION OF THE LONG RUN AVERAGE COST CURVE

When does a firm decide to use a larger plant?

Assuming that the available technology to the firm at a particular time includes three methods of production, each with different plant size. I.e. a small plant, medium plant and large plant. These plants can be illustrated in the figure below:

In the figure above, a small plant operate with costs demoted by the curve SAC1, the medium size plant operates with the costs on SAC2, and large with SAC3 respectively. If the firm plans to produce output OQ1, it will choose a small plant if it plans to produce OQ2, it will choose the medium plant. If it wishes to produce OQ3, it will choose the large size plant.

If the firm starts with a small plant and its demand gradually increases, it will produce at lower costs (up to level Q1) beyond that point costs start increasing. If its demand reaches the level Q1, the firm can either continue to produce with the small plant or it can install the medium size plant. The decision at this point depends not on costs but on the firms expectations about its future demand.

In the limit if there is very large number (infinite number) of plants, we obtain a continuous curve which is the planning long run average cost curve of the firm. Each point on this curve shows the minimum (optimal) cost of producing the corresponding level of output.

Therefore, the longrun average cost curve (LAC) is the locus of points denoting the least cost of producing the corresponding level of output. The LAC is U-shaped and it is often called the "envelope curve" because it envelopes the short run average cost curves (SAC).

In the longrun, there are no fixed costs. Time is long enough such that the firm is able to vary all the factors of production and therefore all costs become variable. To increase output therefore, the firm expands in size. Cost per unit can increase or remain constant or reduce as

the firm expands in size depending on whether the firm is enjoying the advantage of expansion (economies of scale) or disadvantages of expansion (diseconomies of scale).

ECONOMIES OF SCALE

Economies of scale refers to the advantages accruing to the firm in form of reduced average cost of production resulting from increasing the size of the firm. This is illustrated in the figure below:

From the figure, at the lowest point of the shortrun AC curve (SAC) i.e. At a, the firm begins to face the law of diminishing returns. In the longrun, the firm is expanded by hiring more units of all the factors. The expansion in size of the firm leads to the reduction in average costs from OC1, to OC2 and eventually to OC3. The trend of increasing the size of the firm and reducing average cost continues (because of economies of scale) until point C when costs per unit output begin to increase as the firm over expands in size. This eventual increase in average cost of production is due to diseconomies of scale and is due to over expansion of the firm.

From the figure, OC3 is the optimum size of the firm in the longrun. Therefore, the longrun average cost curve (AC) is U-shaped because of economies and diseconomies of scale while the shortrun average cost curve (SAC) is U-shaped because of the law of diminishing returns.

Economies of scale can be classified as:

1. Internal economies of scale
2. External economies of scale

INTERNAL ECONOMIES OF SCALE

Internal economies of scale refers to the fall in Average costs of production arising from specialisation which is encouraged in the large firm. Internal economies are enjoyed by the firm in the following forms.

1. Technical Economies:

These arise out of specialisation of capital (machines) which result into reduced average cost of production.

E.g. a large firm can afford to purchase specialised machines like tractors, milking machines, etc. which lead to increased output and reduced average costs (since $AC = \frac{TC}{Q}$, increase in Q reduces AC).

Q

2. Managerial (Administrative) Economies:

These arise out of specialization of labour which leads to efficiency; increased output and reduced average costs. A large firm can afford to employ specialists like accountants, engineers, etc.

3. **Financial Economies:**

A large firm can easily secure loans from financial institutions because it has securities. Financial institutions usually trust large firms.

4. **Marketing Economies:**

A large firm can afford to buy factors of production in bulk from many areas. It can also afford to sell commodities in bulk in several markets since it can own trucks for purchasing and distributing tasks by diversifying its input markets, a large firm buys in puts at favourable prices which leads to reduced average costs. A large firm can also afford to advertise e.g. giving samples.

5. **Transport economies:**

When raw materials or commodities are transported in bulk, the costs per unit out put is always

low e.g. when hiring a vehicle, a large firm transporting say 10 tonnes per trip is likely to pay almost the same amount as a small firm transporting 5 tonnes per trip.

6. **Storage economies:**

Storage costs per unit out put reduce when commodities or raw materials are stored in bulk. E.g.

when a large firm rents a store to keep 100 tonnes of commodities, it would pay the same amount

as a small firms which stores 10 tonnes in the same store.

7. **Research Economies:**

A large firm can afford to finance research e.g. by establishing a laboratory or hiring research assistants. Research can lead to new technology, increased out put and hence reduction in average costs.

8. **Welfare Economies (Social economies);**

Large firms can afford to provide their workers with facilities like houses, medical facilities, etc.

These can lead to improved efficiency of labour which leads to increased out put and reduced average costs.

9. **Risk-bearing Economies:**

A large firm can afford to pay premiums and to produce a variety of products. All these reduce

risks of loss.

EXTERNAL ECONOMIES OF SCALE

These are advantages accruing to the firm in form of reduced average costs of production resulting from the expansion of the industry as a whole. In other words, they arise from the concentration of many firms in one area. They are enjoyed by all firms in the industry.

External economies of scale include:

1. Economies of concentration: This is where firms in one area:-

- (a) Share training facilities.
- (b) Share the same transport facilities and other infrastructure.
- (c) Carry out technical implements together etc. All these result into reduced cost of production in each firm since firms share costs.

2. Economies of information. Firms in one area can co-operate to enhance the formation of associations which provide information for improvements.

3. External technical economies:

Firms in one area can share specialised maintenance facilities e.g. garage, carpentry workshops etc. The sharing of costs leads to reduction in average costs in each firm.

4. External financial economies:

Firms in one area can attract new financial institutions like banks, building societies, etc.

NB: Economies of scale can also be classified as:

- 1. Pecuniary Economies: These arise out of paying lower prices for inputs and distribution of the product at a low cost by the large firm. They are as a result of bulk buying and bulk buying and bulk selling.
- 2. Real economies: These are associated with reduction in physical quantity of inputs per unit output arising out of large scale production.

DISECONOMIES OF SCALE

These are disadvantages accruing to the firm in form of increased costs of production per unit output arising from over expanding the scale of production. Diseconomies of scale can also be classified as:

- 1. Internal diseconomies and
- 2. External diseconomies of scale

INTERNAL DISECONOMIES OF SCALE

These arise out of over expansion of the firm. They include:-

1. Managerial diseconomies:

Supervision of workers and decision making becomes difficult co-ordination between workers and management becomes difficult. This results into inefficiency and increased costs per unit out put.

2. Technical diseconomies:

As the firm over expands, wear and tear of machines increases. Also the cost of maintaining gadgets increases.

3. Financial diseconomies:

As the result of over expansion of the firm, it becomes very difficult to get enough funds to run the firm. Also the cost will be increased by the high cost of borrowing (interest).

4. Marketing diseconomies:

It becomes difficult to get enough quantities of raw materials for the large firm. As a result, the price of raw materials may go up resulting into high cost of production. Also it becomes difficult to get enough market for commodities. This leads to high distribution costs and advertising costs.

EXTERNAL DISECONOMIES OF SCALE

This refers to increase in average costs of production of the firm as a result of over expansion of the industry as a whole. They are the result of many firms concentrating in one area. As a result of over expansion of the industry, the following would lead to increase in average cost of production.

1. Land rent would be high because of increased competition.
2. Accommodation and cost of living would be high because of competition.
3. Transport costs would increase and there would be congestion of vehicles and human beings.
4. Pollution would result out of congested factories and would affect the health of workers. Also the firm would incur costs to fight pollution e.g. purifying water, etc.

All the above factors affect all the firms in the same locality and lead to increase in cost per unit out put.

THE PRODUCT CONCEPT OF THE FIRM

In production economics, there is a strong relationship between cost of a firm and its out put. The out put can be categorised as follows:

(a) Total product (TP)

This is the total amount of a particular commodity resulting from employment of all factors of production (variable and fixed).

(b) Marginal product (MP)

In production economics, the term margin refers to addition to total. Marginal product therefore refers to the additional output resulting from employment of an extra unit of available factor.

$$\text{MP} = \frac{\text{Change in total product}}{\text{Change in variable input}}$$

If we take labour as the variable factor

$$\text{MP} = \frac{\Delta \text{TP}}{\Delta \text{L}}$$

Where Δ represent change

i.e. ΔTP = change in total product

ΔL = change in labour units

(c) Average product (AP); This is output per unit of the variable factor. It is the total product divided by the variable in puts employed.

$$\text{AP} = \frac{\text{Total product}}{\text{Total variable factor}} = \frac{\text{TP}}{\text{TVF}}$$

Table of Illustration

| Variable factor | Total product (TP) | Average product (AP) | Marginal product (MP) |
|-----------------|--------------------|----------------------|-----------------------|
| 1 | 8 | 8 | 8 |
| 2 | 24 | 12 | 16 |
| 3 | 54 | 18 | 30 |
| 4 | 82 | 20.5 | 28 |
| 5 | 95 | 19 | 13 |

| | | | |
|---|-----|------|----|
| 6 | 100 | 16.7 | 5 |
| 7 | 100 | 14.3 | 0 |
| 8 | 96 | 12 | -4 |

The table above illustrate the relationship between MP, AP and TP.

Relationship between AP, MP and TP

- (i) When total product is at maximum marginal product is zero.
- (ii) As MP becomes negative, TP begins to decline.
- (iii) When MP rises, AP is also rising and when MP begins falling, AP will be increasing at a decreasing rate.
- (iv) The MP curve cuts the AP curve at its maximum point.
- (v) All the MP, TP and AP at first increase at an increasing rate, then increase at a constant rate and finally begins to decline. This is explained by the law of variable proportions.

THE LAW OF VARIABLE PROPORTIONS

This law states that, as more and more units of the variable factor are employed, holding the quantities of the fixed factor constant, a point is reached beyond which the marginal product, Average product, and total product will increase at an increasing rate then increases at a constant rate and eventually they diminish. In order to understand the law of variable properties. It is necessary to see the relationship between the fixed and variable factors at the different stages as seen above on the figure.

STAGE I

This is a stage of increasing returns. The TP, AP and MP are increasing. IN this stage the fixed factors are too much in relationship to labour (variable factor) and as capital is used intensively it becomes efficient hence TP, MP and AP will increase.

STAGE II

This is a stage of diminishing marginal product. It begins where the AP is at maximum because labour becomes inefficient as less of the fixed factor is available, i.e. additional out per worker is reducing.

STAGE III

During this stage, MP, AP and TP will all decline until MP becomes zero and the efficiency of the workers could have declined.

Conclusion from the law

1. Fixed factors like land have a limit beyond which output cannot be increased even if there is employment of more variable factor.
2. When TP, MP and AP begin to decline, it becomes unprofitable to continue producing, therefore the ratio of the variable factor must constantly be reviewed to avoid losses.
3. Employment of more units of labour does not make output increase indefinitely. The productivity of each worker decreases when the ratio of labour to the fixed factor increases.

NB: The law of variable proportions is the same as the law of diminishing returns.

SURVIVAL OF SMALL SCALE FIRMS

Despite the fact that large firms enjoy economies of scale, small firms survive alongside the large firms because:

1. Small firms do not need to advertise extensively as large firms and hence incur less costs.
2. Small firms are easy to manage. This results into efficiency and reduced costs of production.
3. Small firms do not face the problems of internal diseconomies of scale.
4. At times small firms are located far from large firms and hence they monopolize local markets despite the fact that they may be selling at higher prices than large firms which are far.
5. Some small firms use by-product of large firms e.g. sweets use the by-products of the sugar industry. The two firms cannot compete with each other.
6. Owners of small firms can easily develop personal contacts with customers. Later they can start giving credit facilities. In such a case they would maintain their market despite the fact that they may be selling at a high price.
7. Small firms may sell to customers the appropriate small quantities whereas large firms tend to sell in bulk (wholesale).
8. Where the market size is small it necessitates establishment of a small firm.
9. Some activities do not require large firms e.g. shoe shining, hair salons, etc.

THE REVENUE OF THE FIRMS

Revenue refers to the proceeds or returns realised or derived from the sale of a commodity at given price. Revenue of the firm can be looked at in 3 ways:

1. Total revenue (TR): This is the total amount of money received by the firm as a result of selling its total output produced per unit of time.

$$TR = P \times Q$$

Where Q is quantity sold and P is the price per unit

2. Average revenue (AR): This refers to revenue per unit output. It is the same as the average price.

$$AR = \frac{TR}{Q} = \frac{PQ}{Q} = P$$

Where Q is quantity

3. Marginal Revenue (MR): This is the additional revenue resulting from selling an extra unit of out put.

$$MR = \frac{\Delta TR}{\Delta Q}$$

Where ΔQ is change in output sold.

THE PROFIT OF THE FIRM

The term profit has been defined in very many ways by economists, accountants and even policies economists. In simple terms;

$$\text{Profit } (\Pi) = \text{Total Revenue (TR)} - \text{Total Cost (TC)}$$

$$\text{i.e. } \Pi = TR - TC$$

Since $TR = P \times Q$. A firm can maximise profits in 2 ways.

1. By maximizing revenue through out put maximization and increase in price of commodities.
2. By minimising costs.

Normal profits

This refers to where the firm's average cost is equal to the price (AR) at which it sells output. In other words, a firm which earns normal profits covers its opportunity cost of production or in lay man's language, it earns zero profits (i.e. $TR - TC = 0$).

Abnormal profits

This is earned by the firm which sells its output at a price greater than the average cost ($P > AC$). In other words, the firm sells at the price which is greater than the opportunity cost of production.

A FIRM AND AN INDUSTRY

A firm is a productive unit under unified control and management. It may be a sole proprietor, a partnership, a company or a government owned firm, e.g. a factory.

An industry is a description of several or many firms which are engaged in producing the same kind of commodities (although each firm may be under its ownership and management, or may use its label). E.g. a tea producing industry would include all firms (factories producing tea).

DERIVING THE SUPPLY CURVE OF AN INDUSTRY

Since the industry is a combination of firms, its supply curve can be derived by horizontal summation of supply curves of the various firms in the industry. This is illustrated graphically in the figure below;

From the figure, Firm A supplies 5 units at 4 shillings per unit. While firm B supplies 6 units at the same price. In the whole industry, $5+6 = 11$ units will be supplied at 4 shillings. Note that the industry supply curve is more elastic than the supply curves of various firms in that industry.

EQUILIBRIUM OF THE FIRM AND EQUILIBRIUM OF AN INDUSTRY

The term equilibrium refers to the state of stability when there is no tendency to change.

Equilibrium of the firm refers to the point of profit maximisation when the firm has no tendency to increase or reduce output. At this point, marginal cost (MC) is equal to marginal revenue (MR). If the firm increases output and produces beyond this point, marginal cost would be greater than marginal revenue and hence the firm would be operating at a loss. When the firm produces below the point where $MC = MR$, profits would be less because less units of output are produced. The condition for profit maximisation ($MC = MR$ at the highest level of output) applies to all firms.

Equilibrium of an industry is reached when there is no tendency for its output, to increase or reduce. At this point, there are neither new firms entering the industry nor old firms leaving the industry. In other words all firms are earning normal profits which do not attract new firms or force firms out of the industry immediately.

MARKET STRUCTURES

Market structures can be classified according to the number of firms in the industry as follows:

1. Perfect competition
2. Monopoly
3. Monopolistic competition
4. Oligopoly

PERFECT COMPETITION

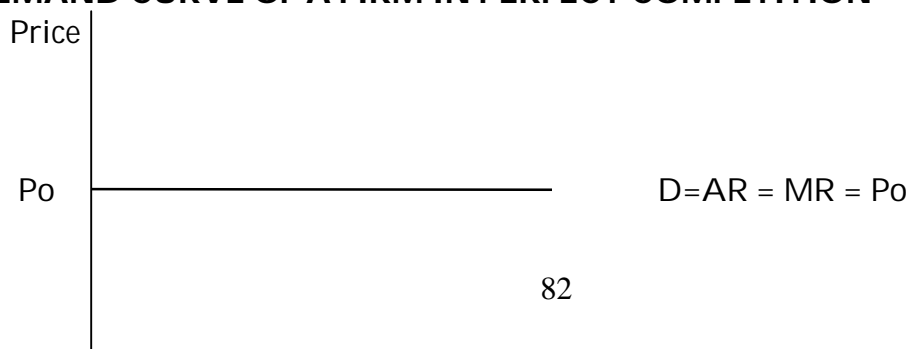
Assumptions of perfect competition

Perfect competition is a market structure which fulfils the following assumptions.

1. Many firms (sellers) of the same size. This means that one firm cannot influence the price in factor or commodity markets. Sellers are therefore price takers and not price makers. It is also assumed that there are many buyers.
2. Homogenous products: There is no product differentiation or any other form of non-price competition. Therefore competition is centred on only prices. Also consumers cannot differentiate the products produced by any firm. Due to this under perfect competition, there is no advertisement.
3. Free entry and exit: when firms earn abnormal profits (supernormal profits), other firms are free to join the market and exhaust the profits. In the long run, where there are no profits, firms are free to leave the industry.
4. Perfect knowledge i.e. no ignorance on side of buyers and producers about factor and commodity markets, or about future trends relevant to their decision - making now. Consumers are aware of prices charged in the whole market and the know the quantity of products.
5. Perfect mobility of factors of production. I.e. factors of production can move freely from one firm to another throughout the economy and raw materials are not monopolised. In otherwards, there is perfect competition in the factor market.
6. No government regulation. I.e. no government intervention I form of tariffs, subsidies, rationing, etc.
7. Profit and utility maximization. The goal of all firms is profit maximisation. All consumers (buyers), aim at maximising satisfaction (utility) and therefore buy from the cheapest source.

Note; Perfect competition satisfies all the above conditions. In pure competition, conditions number 4 and 5 are not fulfilled and thus there is an element of monopoly though sellers are price-takers.

THE DEMAND CURVE OF A FIRM IN PERFECT COMPETITION



0 _____ quantity

The demand curve of a firm in perfect competition is perfectly elastic because of competition. No firm can influence the overall price in the market. The price tends to be constant at OP_0 (in the figure above). Above OP_0 nobody buys from the firm, i.e. buyers would buy from other sellers. If a firm reduces the price below OP_0 , other firms would also do the same.

SHORT RUN EQUILIBRIUM PRICE, OUTPUT WITH PROFITS IN PERFECT COMPETITION

Profit maximization (equilibrium) is attained at the profit where Marginal Cost (MC) equals Marginal Revenue (MR).

A diagram showing short run equilibrium of the firm under perfect competition

From the figure, OP_1 is the cost price per unit. With output OQ_0 , Total cost (TC) = OP_1BQ_0 .

OP_0 is the selling price per unit with the output OQ_0 , Total Revenue (TR) = OP_0AQ_0 .

Profit (Π) = TR - TC

$$= OP_0AQ_0 - OP_1BQ_0$$

$$= P_1PoAB \text{ (the shaded region)}$$

Therefore, OP_0 is the profit maximising price (equilibrium price), OQ_0 is the profit maximising output (equilibrium output) and P_1PoAB is abnormal profits (supernormal profits).

LONGRUN PROFIT MAXIMISATION IN PERFECT COMPETITION

Because there is free entry of firms, in the longrun, other firms are attracted by the abnormal profits to join the market and hence form the industry. As a result, total output would increase leading to fall in price and fall in profit until when all firms start to earn normal profit.

The figure shows that, in the longrun, profit maximisation of a firm in perfect competition is at point (e) where longrun marginal cost (LMC) is equal to marginal revenue (MR). This point is at the lowest point of the longrun. Average cost curve (LAC) output OQ_1 is produced at cost of OP_1 per unit and sold at the price OP_1 . Since $P = Ac$, (and $TR = TC$), the firm is earning normal profit (zero profit). This applies to all firms in the industry. A firm which covers only its average cost (which sells at $P = Ac$) is called a marginal firm.

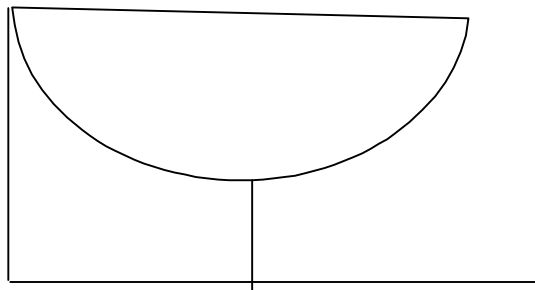
THE SHUT DOWN POINT AND BREAK EVEN POINT

From the figure we note the following:

1. In shortrun, the firm in perfect competition produces out put Q_1 and sells it at price OP_1 , earning abnormal profits $P_1 - P_4 - DA$.
2. In the longrun, the abnormal profit attracts new firms to join the market and form the industry. This leads to increase in total out put which results into fall in price from OP_1 to OP_2 . All the firms earn normal profits. (Since $P = AC$) at pint B. This point B where the firm neither incurs losses nor earns profits is called the **Break-even point**.
3. Because of competition and increased total out put, the price can even fall to OP_3 . This pint (C) below which the firm cannot operate is called **shut down point**. At this point, $P = AVC$. In otherwards the firm just covers the variable costs of production. Below the shut down point, $P < AVC$ and therefore, the firm would not operate because it cannot cover variable costs e.g. cost of raw materials, wages, etc.
4. The supply curve of a firm in perfect competition is that part of the marginal cost curve above the point where price (P_3) = AVC i.e. above point C or above shut down point. Below point C, the firm cannot supply anything since it cannot cover variable costs.
5. A firm can keep on operating even if it does not cover the total costs of production (between B and C) This is because of the following factors:
 - (a) In the shortrun, the firm would keep on operating provided it covers variable costs. E.g. it can buy raw materials, pay wages etc., though it cannot cover fixed costs like insurance, rent, etc.
 - (b) It may expect to enjoy economies of scale in the longrun, i.e. to produce at low costs and earn profits.
 - (c) f a firm is run by the government, and is vital to society, it would afford to operate at a loss, e.g. water supply, roads, electricity supply, etc.
 - (d) he goal of the firm may be to provide employment for members of the family. In such a case if would keep on operating at a loss in the short run.
 - (e) When the producer has invested in many assets in the business, he/she may be reluctant to sell them and hence keep on operating hoping to make improvements.
 - (f) The firm may have prospects of securing a loan from financial institutions so as t make improvements, reduce costs and earn profits.
 - (g) The entrepreneur may want to maintain his/her reputation and good faith to the public and to his/her customers.
 - (h) The entrepreneur may adopt new and better methods of production. He/she can try to reduce costs of production by reducing the number of workers, changing the administration, etc.

ADVANTAGES OF PERFECT COMPETITION

1. In the long run, there is efficiency in production and full utilisation of factors of production. Every firm produces at the minimum point of the Average cost curve as shown in the figure below.



OQo = Optimum out put

At L, there is no excess capacity

2. In the longrun, consumers enjoy high standard of living because more commodities are produced and sold.
3. There is no wastage of funds in advertising which would lead to high costs and high prices.
4. There is high out put because of free entry of firms in the market.
5. Competition leads to quality improvement in all firms.
6. Resources are well utilised by efficient firms, inefficient (high cost) firms are pushed out of the market.

DISADVANTAGES OF PERFECT COMPETITION

1. Commodities produced are homogenous and therefore consumers cannot enjoy a variety of differentiated products.
2. In the longrun, expansion of the firm may be very difficult because there are no enough profits to "plough back".
3. Research may be impossible because the profit realised is not enough to cater for research activities.
4. Prices tend to be constant and demand is elastic. This limits sellers to carry out price discrimination.
5. There is a high risk of unemployment when inefficient firms are pushed out of the market.
6. Public utilities like water supply, roads, etc. may not survive in perfect competition. This calls for government intervention.
7. Assumptions of perfect competition are unrealistic and may be misleading and difficult to attain in the real situation.

MONOPOLY

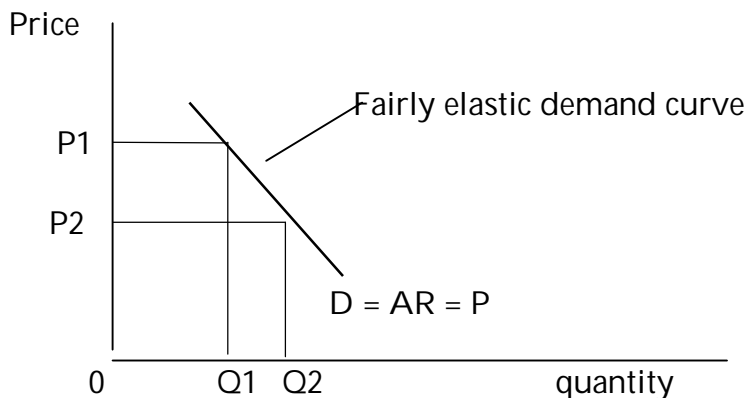
Monopoly is a market situation where there is one seller of a product which has no close substitutes. Entry of new firms is restricted and there is no persuasive advertising. In pure monopoly, there is one firm which deals in a product that has no substitutes at all. In practice, there is no pure monopoly because there is no commodity which has no close substitutes at

all. Monopoly is a market situation where there is one buyer of a commodity or a factor of production e.g. one employer.

FACTORS WHICH GIVE RISE TO MONOPOLY (the basis of monopoly)

1. Patent rights e.g. writers of books, where the law forbids other firms to deal in the commodity.
2. Ownership of strategic raw materials, usually under government control e.g. minerals.
3. Exclusive methods of production e.g. doctors.
4. Long distance among producer's where each producer monopolizes the market in his/her locality (spatial monopoly).
5. Advantages of large scale production which do not allow small competitors to compete successfully with large firms. Also where there is room for only one seller e.g. roads and railways in Uganda. Such undertakings are usually controlled by the government i.e. they are public utilities. In such cases, the market is said to have created natural monopolies.
6. Protectionism. This is when trade barriers are imposed on the product to exclude foreign competitors. In such cases the home producer may become a monopolist.
7. Take overs and mergers. "Take over" is when one firm takes over the assets and organisation of another where as mergers are formed when firms combine their assets and organisations into one to achieve strong market position. Both situations may result into a monopolist firm.
8. Collective monopoly or collusive monopoly. This is where firms come together in a formal or informal agreement (cartel) to achieve monopoly power. Such firms can fix quotas (maximum out put each may put on the market). They may also set the price very low with the objective of preventing new entry of other firms. This is called limit pricing. An example of a monopolist firm in Uganda is Uganda railways corporation (URC) which handles railway transport.

THE DEMAND CURVE FOR A MONOPOLIST



The demand curve for a monopolist firm is fairly elastic. The seller can determine either price or quantity but not both i.e. if he/she fixes a high price (OP1), quantity demanded would be low (OQ1). If he/she supplies much of the commodity (O Q2), the price would be low (OP2). In such a situation the seller is a price maker because he/she can influence the price in the market.

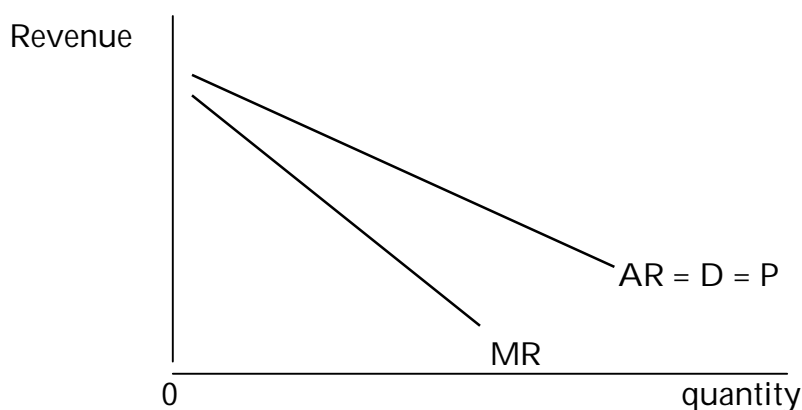
AVERAGE REVENUE AND MARGINAL REVENUE UNDER MONOPOLISTIC COMPETITION

Unlike perfect competition where MR and AR are equal, under monopoly, AR lies above MR. The reason is that since demand is downward sloping in order to sell an extra unit, the price must be decreased. The additional revenue therefore is less than the price at which that unit is sold.

In monopoly, AR falls as more units of output are produced and sold. MR is always less than AR.

| Out put | Price (AR) | Total Revenue (TR) | Marginal Revenue (MR) |
|---------|------------|--------------------|-----------------------|
| 1 | 10 | 10 | - |
| 2 | 9 | 18 | 8 |
| 3 | 8 | 24 | 6 |
| 4 | 7 | 28 | 4 |
| 5 | 6 | 30 | 2 |
| 6 | 5 | 30 | 0 |
| 7 | 4 | 28 | -2 |

Graphical representation



MARKET SITUATION FOR A MONOPOLIST

As in other firms, the monopolist maximises profit when $MR = MC$, at the highest level of output.

A diagram showing profit maximisation of the firm under monopoly

In the figure, OP_1 is the cost price per unit and OQ_e is the total quantity bought. Therefore Total cost = $OP_1 CQ_e$ OP_e is the selling price per unit, with, output OQ_e , Total revenue = $OP_e A Q_e$.

$$\text{Profit} = TR (OP_e A Q_e) - TC (OP_1 C Q_e) \quad Q_e = P_1 P_e AC$$

Point (B) is equilibrium point where $MC = MR$.

The monopolist firm produces at excess capacity i.e. Q_{Qe} is below the lowest point of the AC curve which is at point D. Since costs are still falling, the firm could still produce more output up to Q_{Q1} . But in order to keep the price up, it produces less than optimum.

ADVANTAGES OF MONOPOLY

1. There is no duplication of services and this saves resources e.g. if there is one Hydroelectric power plant there may not be the need to set up another one in the same area.
2. Economies of scale can be enjoyed by the firm because it is capable of expanding using the abnormal profits earned.
3. There is a possibility of price discrimination (i.e. selling the same commodity at different prices) which benefits the low income earners.
4. Research can easily be carried out using the abnormal profits.
5. There is no wastage of resources in persuasive advertising which leads to increase in prices.
6. Public utilities like roads, telephone, etc. are easily controlled by the state as a monopolist.
7. "Infant" industries can grow up when they are monopolies and are protected from competition.

DISADVANTAGES OF MONOPOLY

1. Because there is no competition, the firm can become inefficient and produce low quality products.
2. Monopolist firms produce at excess capacity i.e. they under utilise their plants so as to produce less output and sell at a high price.
3. Monopoly firms may charge higher prices than firms in perfect competition.
4. In case a monopolist stops producing, there would be shortage of the commodity.
5. Monopolist firms tend to exert pressure on the government and at times they can influence decision making because they are controllers of production.

MEASURES TO CONTROL MONOPOLY

Because of the above disadvantages of monopolies, the following methods can be used to control their activities.

1. The government can fix prices of commodities.
2. Taxation. The government can impose taxes on monopolist firms to tax away the abnormal profits. However, the monopolist can shift the burden of taxes on to the buyers in form of high prices.
3. Anti-monopoly (Anti trust) legislation i.e. laws imposed to control monopolies. Such laws can prohibit monopolisation, and collusion among firms to raise prices or inhibit competition.
4. Nationalisation of monopoly firms by the government.
5. Subsidization. New firms can be subsidized so that they compete with the monopolist firm.
6. Removing the basis of monopoly e.g. removing tariffs on imported goods.

PRICE DISCRIMINATION UNDER MONOPOLY

Price discrimination exists when a commodity is sold at different prices irrespective of the cost of production. Examples include different seats in a theatre or stadium, different grades in a hospital (grade A and Grade B), doctors services, etc.

DEGREES OF PRICE DISCRIMINATION

There are three degrees (types) of price discrimination

(a) First degree or perfect discrimination

This type exists if a monopolist is able to charge each consumer for his good the maximum price that the buyer would be willing to pay rather than go without the good. The monopolist is able to sell each unit of his goods the maximum price. At this degree of price discrimination all the consumers surplus is taken away by the seller.

(b) Second degree price discrimination

This is when a monopolist charges the consumers a lower price when he purchases larger quantity of the good conversely, a higher price is charged to a consumer who buys a smaller quantity. At this degree part of the consumers' surplus is taken away.

(c) Third degree of price discrimination

This is when the monopolist gets more revenue by separating his market into sub-markets and a different price is charged in each market.

CONDITIONS FOR PRICE DISCRIMINATION

1. The commodity must be sold by a monopolist.
2. Elasticity of demand should be different in different markets. A higher price should be charged in the market where elasticity of demand is low and where elasticity of demand is high, a lower price should be charged.
3. The cost of dividing the markets should be very low e.g. in cases of dumping, costs of transport should be low.
4. Buyers should not know how much is charged on others. This is possible especially where goods are sold on order.
5. It should be impossible for buyers to transfer the commodity from where the price is low to where the price is high. This is possible especially with services of doctors, teachers, etc.

NB Price discrimination may also be used to sell units of the same commodity at different prices to the same customer e.g. telephone charges high on 3 minutes and then low on other minutes.

ADVANTAGES OF PRICE DISCRIMINATION

1. It enables the poor to get essential services at low prices e.g. cheap houses to civil servants, doctors charging low prices on poor patients.
2. To the producers, it increases total revenue because output sold increases.

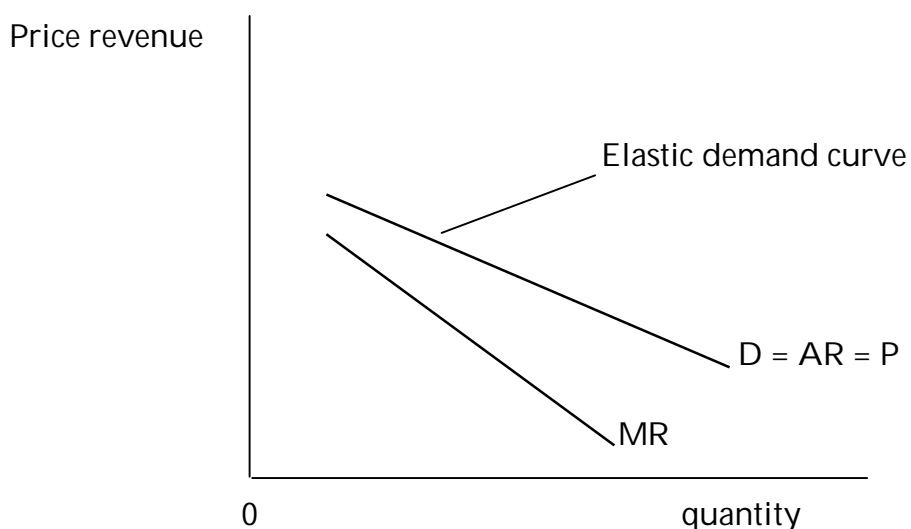
3. It is one way in which the rich subsidize the poor thus a method of income distribution. The rich are charged highly on commodities while the poor are subsidized on the same commodities.
4. It increases sales and consumption e.g. for electricity, the first units, may be charged higher price than other extra units. Therefore, the more units of electricity you use the less charger you would pay for extra units.
5. It helps producers to dispose off surplus commodities e.g. dumping.

MONOPOLISTIC COMPETITION

Monopolistic competition market structure has characteristics similar to that of perfect competition except that the commodity dealt within monopolistic competition is not homogeneous. Products are differentiated (but they are close substitutes). Product differentiation may be in form of packing, design, quality, branding, etc.

There is need for persuasive advertising in monopolistic competition. Because of product differentiation, the seller has some control over the market price. Examples are small restaurants, hair salons, shoe repairs, etc.

THE DEMAND CURVE OF A FIRM IN MONOPOLISTIC COMPETITION



The demand curve for a monopolistic competitor is more elastic than that of monopoly because of the presence of close substitutes in the former. MR is below the AR as in case of monopoly. The demand curve is downward sloping because each firm has monopoly power over its product and is not a price taker.

SHORT-RUN EQUILIBRIUM OF A FIRM IN MONOPOLISTIC COMPETITION

Profit maximization (equilibrium) for a monopolistic competitor in the short run is reached where $MR = MC$. At this (C) equilibrium quantity is OQ_e and equilibrium price is OP_e . In the short-run, abnormal profit (P_1P_eAB) is earned. The firm produces at excess capacity (excess capacity is Q_eQ_1) because it produces less output than the optimum (OQ_1).

LONG - RUN EQUILIBRIUM OF A FIRM IN MONOPOLISTIC COMPETITION

From the figure we note the following:-

1. In the long run equilibrium is attained at point E1 where longrun marginal cost curve (LMC) = MR. Output OQ_e is produced and sold at price OP_e , normal (zero) profit is earned by all firms. (Since $P = AC$).
2. Because of free entry of new firms, in the longrun the demand for the product is shared among more brands. Therefore, the demand curve would keep on shifting to the left until a point is reached where the demand curve is tangent to the ATC (LAC) curve. At equilibrium, normal (zero) profit is earned and there is excess capacity, ($OQ_1, -OQ_e = Q_e - Q_1$) because the firm is producing output less than the optimum (Lowest point of the AC curve). So production efficiency is not achieved under monopolistic competition. In order to maintain the market share, the seller has to advertise.

ADVANTAGES OF MONOPOLISTIC COMPETITION

1. Produce differentiated products that enables consumers to get a variety of products.
2. Firms compete to make improvement on the quality of products.
3. In case one firm collapses, substitutes are available.
4. The price charged is lower than that of a monopolistic because of competition from substitutes.

DISADVANTAGES OF MONOPOLISTIC COMPETITION

1. There is under utilization of the plant in the short-run and in the long-run. There is excess capacity and output produced is lower than that produced by a firm in perfect competition.
2. In the long run, there is no profit to make improvements so the firms may not expand to enjoy economies of scale.
3. The price charged on buyer is higher than in perfect competition.
4. In the longrun, there are no profits to invest in research since the firm earns normal (zero) profits.
5. To maintain the market share, the seller has to advertise. This increases costs and the price.

OLIGOPOLY

This refers to a market structure within which firms are aware of the mutual interdependence of sales, production, investment and advertising plans. Hence manipulation by any firm of variables under its control is likely to evoke retaliation from competing firms. These features are commonly described to markets in which the number of sellers are few. Where such competition is between two firms, the market is called DUOPOLY.

CHARACTERISTICS OF OLIGOPOLY

Oligopoly is a market structure characterised by the following:-

1. Few, unequal, competing firms. Each firm, though faced with competition from other firms, has enough market and therefore cannot be a price taker.

2. Non-price competition e.g. advertising, quality of services, etc. If one firm reduces the price, others would do the same and all firms would end up losing.
3. Each firm is concerned with the activities of other firms so as to act accordingly e.g. it can reduce the price when others reduce the price.
4. In most cases there is product differentiation.
5. The demand curve under oligopoly is kinked. It is elastic above the kink and inelastic below the kink.
6. Different pricing behaviour take place like
 - Imperfect collusion
 - Perfect collusion
 - Price administration

THE DEMAND CURVE, MR CURVE AND EQUILIBRIUM OF A FIRM IN OLIGOPOLY

The market situation of a firm in oligopoly is illustrated in the figure above.

The demand curve is ABD and marginal revenue curve is ACD MR. From the figure we note the following:-

1. The price and demand curve. The price (OP1) is administered by the biggest price firm or by the low cost firm. If a firm increases the price above OP1 it would lose its market. Therefore, the demand curve is fairly elastic above the administered price (OP1). If a firm reduces the price below OP1, other firms would do the same leaving the market for each firm constant. So the demand curve is less elastic below the administered price. When the 2 demand curves are combined, they make a kinked demand curve.
2. The marginal Revenue curve: Because of the 2 demand curves, the marginal Revenue (MR) curve also has 2 parts. The 2MR curves are separated by a gap (CD). When the firm increases the price above OP1, its market share would reduce thus a reduction in MR is large above OP1. When the firms reduces the price below OP1 its market share remains almost constant and therefore the gain in revenue (MR) is less below OP1.
3. Equilibrium; Equilibrium is attained at the point where $MR = MC$. The MC meets MR curve in the discontinuous gap (CD) and the position of MC in the gap does not affect equilibrium. At equilibrium, OQ1 is produced and sold at administered price OP1. The above analysis is on shortrun market situation of oligopoly.

In order to avoid under selling each other ("the price war"), firms may come to an agreement (a carter) where they fix quotas and at times fix the price to restrain competition such collusion makes oligopolists behave like a monopolist.

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Course Unit Name: International Law

Course Objective

By the end of this course unit, students should be able to define international law and Describe the sources of International law. They should comprehend some treaties as a result of codifying existing customary law and therefore distinguish between Judicial decisions and Juristic writings as used in international law. Participants should also get to understand the benefit of economic integrations by borrowing a leaf from the "European Union" and derive lessons for the East African Community?

Course Contents

Introduction to administrative law
Administrative law in US and Europe
International Administrative law
Organizations related to administrative law
Administrative law in the civil law countries
Sources of International law
Treaties as customs
Judicial decisions and juristic writing
Conflicts of laws
Governance
Military and defense
Monetary unions
Regional developments
Education and Research
Religion and culture
East Africa Community
International legal theory
Supranational law

Mode of delivery

Personal Study
Face to face lectures
VHS and DVDS

Assessment

Course work 40%
Exams 60%
Total Mark 100%

International Law

Administrative Law integrates several areas of law, which include administrative rules, regulations and procedures for government agencies and bodies; the scope of agency authority, in particular individual privacy; and enforcement powers of agencies. In the United States, access to information about the government is also

an integral part of administrative regulations. Government (general), **Constitutional Law** and **Civil Rights** are treated separately, as is **Privacy Law**. Administrative law in the United States often relates to, or arises from, so-called "independent agencies"- such as the Federal Trade Commission ("FTC"). Here is FTC's headquarters in Washington D.C.

Administrative law is the body of law that governs the activities of administrative agencies of government. Government agency action can include rulemaking, adjudication, or the enforcement of a specific regulatory agenda. Administrative law is considered a branch of public law. As a body of law, administrative law deals with the decision-making of administrative units of government (e.g., tribunals, boards or commissions) that are part of a national regulatory scheme in such areas as police law, international trade, manufacturing, the environment, taxation, broadcasting, immigration and transport. Administrative law expanded greatly during the twentieth century, as legislative bodies worldwide created more government agencies to regulate the increasingly complex social, economic and political spheres of human interaction.

Taxation decisions are the decisions based on administrative law that are most often contested in courts. Civil law countries often have specialized courts, administrative courts, that review these decisions.

The agricultural sector is one of the most heavily regulated sectors in the U.S. economy, as it is regulated in various ways at the international, federal, state, and local levels. Consequently, administrative law is a significant component of the discipline of Agricultural Law. The United States Department of Agriculture and its myriad agencies such as the Agricultural Marketing Service are the primary sources of regulatory activity, although other administrative bodies such as the Environmental Protection Agency play a significant regulatory role as well. An extensive treatment of the administrative laws and regulations pertaining to the agricultural sector is provided by the The National Agricultural Law Center in its Administrative Law Reading Room.

Administrative Law - US

- [Administrative Law - Cornell](#)
Administrative law encompasses laws and legal principles governing the administration and regulation of government agencies (both Federal and state). Such agencies are delegated power by Congress (or in the case of a state agency, the state legislature) to act as agents for the executive. Generally, administrative agencies are created to protect a public interest rather than to vindicate private rights.
- [Administrative Law - Wikipedia](#)
Administrative law is the body of law that governs the activities of administrative agencies of government. Government agency action can include rulemaking, adjudication, or the enforcement of a specific regulatory agenda. Administrative law is considered a branch of public law.
- [Administrative Law Guide - Library of Congress](#)

Administrative law, commonly called regulatory law, is created and enforced by an administrative body, i.e., Department of Labor, the Federal Communications Commission, or the President. Depending on whether the agency is executive, legislative or independent will determine from whom it derives its power to issue regulations and its right to enforce them.

Administrative Law Judge

An administrative law judge (ALJ) in the United States is an official who presides at an administrative trial-type hearing to resolve a dispute between a government agency and someone affected by a decision of that agency.

- **Administrative Law Outline**

Administrative Law: basically procedural. Each agency is responsible for a particular body of substantive law, but certain procedural principles apply to all agencies.

- **Administrative Law Research Tutorial**

This tutorial will introduce you to the topic of administrative law research. If you plan to work in a regulatory practice, the skills covered in this training session will be essential to your research.

- **Administrative Procedure Database Archive - ABA**

This site was designed to facilitate the exchange of information about federal and state administrative law among legislators, lawyers, hearing officers, judges, and citizens. While much of the original material is now available from other sources, the ABA Administrative Procedure Database Archive provides access to resources not readily available elsewhere.

- **Continuing Task of Administrative Law**

Columbus discovered America, but it was sitting here a long time before he found it. The same is true of the recent discovery of administrative law. Even though many politicians have only discovered it in the last few years, administrative law has been around a long time.

- **Federal Administrative Law**

Administrative law focuses on the exercise of government authority by the executive branch and its agencies. These agencies are created by Congress through "enabling legislation", and are authorized to promulgate regulations which have the same force as statutory law. Federal agencies have steadily grown in number and importance in the United States, and affect a wide variety of social issues, such as telecommunications, the financial market, and racial discrimination. The term "administrative law" encompasses the procedures under which these agencies operate, as well as external constraints upon them (such as the Administrative Procedure Act, constitutional limitations, and judicial review).

- **Federal Administrative Procedure Act**

- **Fiction and Tyranny of "Administrative Law"**

The conservative columnist Joseph Sobran has a lecture on audio tape called "How Tyranny Came to America." This seems like a shocking and absurd claim. How could anyone believe that "tyranny" exists in America? Sobran must be some kind of extremist nut.

- **What is Federal Administrative Law?**

Federal administrative agencies are given existence and powers by the Congress through enabling legislation. These agencies, in turn, promulgate administrative regulations which, if promulgated within the authority given the agency by its enabling legislation, have the force and effect of law.

Administrative Law - Europe

- **Administrative Law Bar Association - UK**
Members provide specialist advice to public bodies on their duties and powers and act as specialist advocates for and against public authorities, including the government.
- **Constitutional and Administrative Law Bar Association - UK**
The Constitutional and Administrative Law Bar Association is a Specialist Bar Association of the Bar of England and Wales. ALBA is the professional association for practitioners of public law. It exists to further knowledge about administrative law amongst its members and to promote the observance of its principles.
- **Constitutional and Administrative Law of the European Communities and the European Union**
The Preamble to the SEA set out the Member States' commitment to transform relations as a whole between the Member States into a European Union; a Union which would have activities way beyond the solely economic sphere. Political cooperation between the Member States was considered to be of paramount importance in the creation of this European Union.
- **European Administrative Law and the Global Challenge**
This article looks at the development of EC Administrative Law, identifying two main theoretical trends. The first, or 'control' theory, approaches administrative law from the angle of citizen-state relations and from the viewpoint of the citizen. The second, or functional, approach is to treat administrative law as a body of rules designed for the implementation of policies. The article suggests that EC administrative law originated inside the second theory, in part because of its French antecedents. Over the years, however, the first theory has gained the ascendant.
- **Participatory Governance and European Administrative Law: New Legal Benchmarks for the New European Public Order**
European Governance is more than just a policy instrument without legal significance. Its regulatory sub-divisions, such as Comitology, the Lamfalussy procedure, and the growing number of European administrative agencies, have colonised substantive parts of the law-shaping and law-making processes.
- **Review of European Administrative Law**
Review of European Administrative Law (REALaw) is a law review, published twice a year (online and in print), in the English language edited at the Department of Administrative Law and Public Administration of the University of Groningen and the Institute of Constitutional and Administrative Law and the Europa Instituut of Utrecht University. Review of European Administrative Law provides a forum for the discussion of issues in the development of European administrative law. The journal aims to cover all aspects of European administrative law, reflecting the role of the European Union, the role of domestic legal orders and their mutual relation and influence.
- **Section of Administrative Law & Regulatory Practice of the EU - ABA**
In this interconnected world, the impacts of administrative processes in other countries transcend their national boundaries, affecting US citizens, US economic interests, and US regulatory choices. In particular, the European Union's (EU)

legislative and regulatory initiatives acutely affect US interests because of the magnitude of US-EU trade and investment.

Administrative Law - International

- **Administrative Law - Australia**
Administrative law is the body of law regulating government decision-making. Review of administrative decisions can take place internally and externally.
- **Administrative Law - Canada**
The major purpose of administrative law is to ensure that the activities of government are authorized by Parliament or by provincial legislatures, and that laws are implemented and administered in a fair and reasonable manner. Administrative law is based on the principle that government action, whatever form it takes, must (strictly speaking) be legal, and that citizens who are affected by unlawful acts of government officials must have effective remedies if the Canadian system of public administration is to be accepted and maintained.
- **Administrative Law in the People's Republic of China**
Administrative law in the People's Republic of China was virtually non-existent before the economic reform era. Since the 1980s, the People's Republic of China has constructed a new legal framework for administrative law, establishing control mechanisms for reining in the bureaucracy and disciplinary committees for the Communist Party of China. However, many have argued that the usefulness of these laws are vastly inferior in terms of controlling government actions due largely to institutional and systemic obstacles like a weak judiciary, poorly trained judges and lawyers, and corruption.
- **Co-Option and Resistance: Two Faces of Global Administrative Law**
This Article addresses some issues relating to the emergence of global administrative law from a third world perspective. The essential idea is to determine the nature, character, and limits of an evolving global administrative law (GAL).
- **Global Administrative Law**
A blog dedicated to the continuing development of the Global Administrative Law (GAL) Project.
- **Law of Administration for the State of Iraq**
The people of Iraq, striving to reclaim their freedom, which was usurped by the previous tyrannical regime, rejecting violence and coercion in all their forms, and particularly when used as instruments of governance, have determined that they shall hereafter remain a free people governed under the rule of law.
- **Naming Global Administrative Law**
With "global administrative law" comes an agenda for conceptual reflection, empirical study, and institutional redesign that gives shape and focus to an immense range of large and small questions about the legal control of decisionmaking in the contemporary world.
- **New Public Management for Latin America**
State Reform has become the main topic on the world's political agenda. This process dates from the late seventies, with the onset of the crisis in the State model, which had been created by developed countries during the postwar and set off an unprecedented era of capitalist prosperity. The first response to the crisis was a neo-liberal-conservative reaction.
- **Remedying the Accountability Gap in Global Administrative Law**

The organisations seem to regard public participation as a principle of good governance rather than a democratic necessity. However, in order to prevent global administrative law from becoming the prerogative of technocrats it is important that the administered play an active role. For the sake of the discussion I will therefore recommend two ways of achieving this, i.e. introducing the American notice & comment procedure and reliance on judicial review.

Organizations Related to Administrative Law

- **Administrative Codes and Registers (ACR) Section of the NASS**
The Administrative Codes and Registers (ACR) Section of the National Association of Secretaries of State (NASS) is the organization of persons in government and the private sector interested in administrative law. Some of ACR's objectives include: gathering, exchanging and disseminating facts, information and ideas relating to the publication and distribution of administrative codes and registers; enhancing the quality of administrative codes and registers through better style, format and design; encouraging the development of administrative codes and registers in jurisdictions where none exist; fostering the development of better rulewriting skills and rule review techniques, and more effective management of the rule promulgation process; and increasing knowledge of administrative law among ACR Section members and within the general public.
- **Administrative Law Section - American Bar Association**
The Administrative Law Section serves its members, the bar and the public at-large, by providing a congenial forum to share new ideas and the most recent information on substantive and procedural developments in Administrative Law and Regulatory Practice.
- **Association of Administrative Law Judges**
An independent and honorable administrative judiciary is indispensable to justice in our society. Administrative Law Judges have the authority to conduct constitutional due process hearings under the process provided by the Administrative Procedure Act. Administrative Law Judges should participate in establishing, maintaining, enforcing, and observing high standards of conduct, so that the integrity and independence of the administrative judiciary may be preserved.
- **Federal Administrative Law Judges Conference**
Federal Administrative Law Judges, often referred to as the Federal Administrative Trial Judiciary, perform judicial functions within the Executive Branch of the Government. In adjudicating cases before them, Administrative Law Judges conduct formal trial-type hearings, make findings of fact and law, apply agency regulations, and issue either initial or recommended decisions.
- **National Association of Administrative Law Judiciary**
The National Association of Administrative Law Judiciary (NAALJ) is the largest professional organization devoted exclusively to administrative adjudication devoted to the executive branch of government.
- **National Association of Secretaries of State**
Founded in 1904, the National Association of Secretaries of State (NASS) is the nation's oldest nonpartisan, professional organization for public officials. The association serves as a medium for the exchange of information and fosters cooperation between states governments in the development of public policy. NASS

has key initiatives in the areas of elections and voting, state business services, electronic government and digital archiving.

- National Conference of Commissioners on Uniform State Laws
The National Conference of Commissioners on Uniform State Laws (NCCUSL), now 116 years old, provides states with non-partisan, well-conceived and well-drafted legislation that brings clarity and stability to critical areas of the law. NCCUSL's work supports the federal system and facilitates the movement of individuals and the business of organizations with rules that are consistent from state to state.
- National Conference of the Administrative Law Judiciary
The National Conference of the Administrative Law Judiciary (NCALJ) is the voice of the administrative judiciary within the American Bar Association (ABA). As a Conference of the ABA Judicial Division, NCALJ works closely with the other Conferences of the ABA Judicial Division and the ABA Section of Administrative Law and Regulatory Practice to improve all facets of state and federal administrative adjudication. NCALJ also works closely with outside organizations, including the National Association of Administrative Law Judiciary (NAALJ), the Association of Administrative Law Judges (AALJ), the Canadian Council of Administrative Tribunals (CCAT), and the National Judicial College (NJC).
- Subcommittee on Commercial and Administrative Law - US House of Representatives
The Subcommittee on Commercial and Administrative Law shall have jurisdiction over the following subject matters: bankruptcy and commercial law, bankruptcy judgeships, administrative law, independent counsel, state taxation affecting interstate commerce, interstate compacts, other appropriate matters as referred by the Chairman, and relevant oversight.

Administrative law in common law countries

Generally speaking, most countries that follow the principles of common law have developed procedures for judicial review that limit the reviewability of decisions made by administrative law bodies. Often these procedures are coupled with legislation or other common law doctrines that establish standards for proper rulemaking. Administrative law may also apply to review of decisions of so-called semi-public bodies, such as non-profit corporations, disciplinary boards, and other decision-making bodies that affect the legal rights of members of a particular group or entity. While administrative decision-making bodies are often controlled by larger governmental units, their decisions could be reviewed by a court of general jurisdiction under some principle of judicial review based upon due process (United States) or fundamental justice (Canada). Judicial review of administrative decisions, it must be noted, is different from an appeal. When sitting in review of a decision, the Court will only look at the method in which the decision was arrived at, whereas in appeal the correctness of the decision itself will be under question. This difference is vital in appreciating administrative law in common law countries.

The scope of judicial review may be limited to certain questions of fairness, or whether the administrative action is *ultra vires*. In terms of *ultra vires* actions in the broad sense, a reviewing court may set aside an administrative decision if it is unreasonable (under Canadian law, following the rejection of the "Patently Unreasonable" standard by the Supreme Court in *Dunsmuir v. New Brunswick*),

Wednesbury unreasonable (under British law), or arbitrary and capricious (under U.S. Administrative Procedure Act and New York State law). Administrative law, as laid down by the Supreme Court of India, has also recognized two more grounds of judicial review which were recognized but not applied by English Courts viz. legitimate expectation and proportionality.

The powers to review administrative decisions are usually established by statute, but were originally developed from the royal prerogative writs of English law, such as the writ of mandamus and the writ of certiorari. In certain Common Law jurisdictions, such as India or Pakistan, the power to pass such writs is a Constitutionally guaranteed power. This power is seen as fundamental to the power of judicial review and an aspect of the independent judiciary.

United States

In the United States, many government agencies are organized under the executive branch of government, although a few are part of the judicial or legislative branches. In the federal government, the executive branch, led by the president, controls the federal executive departments, which are led by secretaries who are members of the United States Cabinet. The many important independent agencies of the United States government created by statutes enacted by the Congress that exist outside of the federal executive departments but are still part of the executive branch.

Congress has also created some special judicial bodies known as Article I tribunals to handle some areas of administrative law.

The actions of executive agencies and independent agencies are the main focus of American administrative law. In response to the rapid creation of new independent agencies in the early twentieth century (see discussion below), Congress enacted the Administrative Procedure Act (APA) in 1946. Many of the independent agencies operate as miniature versions^[citation needed] of the tripartite federal government, with the authority to "legislate" (through rulemaking; see Federal Register and Code of Federal Regulations), "adjudicate" (through administrative hearings), and to "execute" administrative goals (through agency enforcement personnel). Because the United States Constitution sets no limits on this tripartite authority of administrative agencies, Congress enacted the APA to establish fair administrative law procedures to comply with the constitutional requirements of due process.

The American Bar Association's official journal concerning administrative law is *Administrative Law Review*.

Historical development

Stephen Breyer, a U.S. Supreme Court Justice since 1994, divides the history of administrative law in the United States into six discrete periods, according to his book, *Administrative Law & Regulatory Policy* (3d Ed., 1992):

- English antecedents & the American experience to 1875
- 1875 - 1930: the rise of regulation & the traditional model of administrative law
- The New Deal
- 1945 - 1965: the Administrative Procedure Act & the maturation of the traditional model of administrative law
- 1965 - 1985: critique and transformation of the administrative process
- 1985 - ?: retreat or consolidation

Administrative law in civil law countries

Unlike most Common-law jurisdictions, the majority of civil law jurisdictions have specialized courts or sections to deal with administrative cases which, as a rule, will apply procedural rules specifically designed for such cases and different from that applied in private-law proceedings, such as contract or tort claims.

France

In France, most claims against the national or local governments are handled by administrative courts, which use the *Conseil d'État* (State Council) as a court of last resort. The main administrative courts are the "Tribunaux Administratifs" and appeal courts are the "Cours Administratives d'Appel".

Germany

In Germany, the highest administrative court for most matters is the federal administrative court Bundesverwaltungsgericht. There are federal courts with special jurisdiction in the fields of social security law (Bundessozialgericht) and tax law (Bundesfinanzhof).

The Netherlands

In The Netherlands, administrative law provisions are usually contained in separate laws. There is however a single General Administrative Law Act ("Algemene wet bestuursrecht" or Awb) that applies both to the making of administrative decisions and the judicial review of these decisions in courts. On the basis of the Awb, citizens can oppose a decision ('besluit') made by a public body ('bestuursorgaan') within the administration and apply for judicial review in courts if unsuccessful.

Unlike France or Germany, there are no special administrative courts of first instance in the Netherlands, but regular courts have an administrative "chamber" which specializes in administrative appeals. The courts of appeal in administrative cases however are specialized depending on the case, but most administrative appeals end up in the judicial section of the Council of State (Raad van State).

In addition to the system described above there is another part of administrative law which is called "administratief beroep" (administrative appeal). This procedure is available only if the law on which the primary decision is based specifically provides for it and involves an appeal to a higher ranking administrative body. If administrative appeal is available, no appeal to the judicial system may be made.

Sweden

In Sweden, there is a system of general administrative courts which only handles administrative law cases, and which is completely separate from the system of general courts. This system has three tiers, with 23 county administrative courts (*länsrätt*) as the first tier, four administrative courts of appeal (*kammarrätt*) as the second tier, and the Supreme Administrative Court of Sweden (*Regeringsrätten*) as the third tier.

Migration cases are handled in a two-tier system, effectively within the system general administrative courts. Three of the county administrative courts serve as migration courts (*migrationsdomstol*) with the Administrative Court of Appeal in Stockholm serving as the Migration Court of Appeal (*Migrationsöverdomstolen*).

Brazil

In Brazil, unlike most Civil-law jurisdictions, there is no specialized court or section to deal with administrative cases. In 1998, a constitutional reform, lead by the government of the President Fernando Henrique Cardoso, introduced regulatory agencies as a part of the executive branch. Since 1988, Brazilian administrative law has been strongly influenced by the judicial interpretations of the constitutional principles of public administration (art. 37 of Federal Constitution): legality, impersonality, publicity of administrative acts, morality and efficiency.

Chile

The President of the Republic exercises the administrative function, in collaboration with several Ministries or other authorities with *ministerial rank*. Each Ministry has one or more sub secretaries which perform through public services the actual satisfaction of public needs.

All Ministries and public services have a body of workers or administrative personnel (*funcionarios públicos*), but with different contractual statutes.

Public entities act through administrative procedures, that is, processes with formal stages where opportunities to deliver evidence and exercise appeals are granted to the citizens. The recent basic law of administrative procedures deals with most of the general matters pertaining the administrative procedures of all public entities.

There is no specialized court to deal with actions against the Administrative entities, but the civil courts have jurisdiction over all matter that are not in the scope of other court, such as public liability and the overturn of single administrative acts.

People's Republic of China

Administrative law in the People's Republic of China was virtually non-existent before the economic reform era initiated by Deng Xiaoping. Since the 1980s, the People's Republic of China has constructed a new legal framework for administrative law, establishing control mechanisms for overseeing the bureaucracy and disciplinary committees for the Communist Party of China. However, many have argued that the usefulness of these laws are vastly inferior in terms of controlling government actions, largely because of institutional and systemic obstacles like a weak judiciary, poorly trained judges and lawyers, and corruption.

In 1990, the Administrative Supervision Regulations and the Administrative Reconsideration Regulation were passed. Both regulations have since been amended and upgraded into laws. The 1993 State Civil Servant Provisional Regulations changed the way government officials were selected and promoted, requiring that they pass exams and yearly appraisals, and introduced a rotation system. In 1994, the State Compensation Law was passed, followed by the Administrative Penalties Law in 1996.

International law

A major force in public international law, the United Nations was conceived during World War II

International law is the term commonly used for referring to the system of implicit and explicit agreements that bind together sovereign states in adherence to

recognized values and standards. It differs from other legal systems in that it primarily concerns states rather than private citizens^[1]. However, the term "international law" can refer to three distinct legal disciplines:

- Public international law, which governs the relationship between states and international entities, either as an individual or as a group. It includes the following specific legal field such as the treaty law, law of sea, international criminal law and the international humanitarian law.
- Private international law, or conflict of laws, which addresses the questions of (1) in which legal jurisdiction may a case be heard; and (2) the law concerning which jurisdiction(s) apply to the issues in the case.
- Supranational law or the law of supranational organizations, which concerns at present regional agreements where the special distinguishing quality is that laws of nation states are held inapplicable when conflicting with a supranational legal system.

The two traditional branches of the field are:

- *jus gentium* — law of nations
- *jus inter gentes* — agreements among nations

Sources of international law

Sources of international law are the materials and processes out of which the rules and principles regulating the international community are developed. They have been influenced by a range of political and legal theories. During the 19th century, it was recognised by legal positivists that a sovereign could limit its authority to act by consenting to an agreement according to the principle *pacta sunt servanda*. This consensual view of international law was reflected in the 1920 Statute of the Permanent Court of International Justice, and preserved in Article 38(1) of the 1946 Statute of the International Court of Justice.^[1]

Article 38(1) is generally recognised as a definitive statement of the sources of international law. It requires the Court to apply, among other things, (a) international conventions "expressly recognized by the contesting states", and (b) "international custom, as evidence of a general practice accepted as law". To avoid the possibility of *non liquet*, sub-paragraph (c) added the requirement that the general principles applied by the Court were those that had been "the general principles of the law recognized by civilized nations". As it is states that by consent determine the content of international law, sub-paragraph (d) acknowledges that the Court is entitled to refer to "judicial decisions" and the most highly qualified juristic writings "as subsidiary means for the determination of rules of law".

On the question of preference between sources of international law, rules established by treaty will take preference if such an instrument exists. It is also argued however that international treaties and international custom are sources of international law of equal validity; this is that new custom may supersede older treaties and new treaties may override older custom. Certainly, judicial decisions and juristic writings are regarded as auxiliary sources of international, whereas it is unclear whether the general principles of law recognized by 'civilized nations' should be recognized as a principal or auxiliary source of international law.

It may be argued that the practice of international organizations, most notably that of the United Nations, as it appears in the resolutions of the Security Council and the General Assembly, are an additional source of international law, even though it is not mentioned as such in Article 38(1) of the 1946 Statute of the International

Court of Justice. Article 38(1) is closely based on the corresponding provision of the 1920 Statute of the Permanent Court of International Justice, thus predating the role that international organizations have come to play in the international plane. That is, the provision of Article 38(1) may be regarded as *dated*, and this can most vividly be seen in the mention made to 'civilized nations', a mentioning that appears all the more quaint after the decolonization process that took place in the early 1960s and the participation of nearly all nations of the world in the United Nations. It is also possible, though less common, for a treaty to be modified by practices arising between the parties to that treaty. The other situation in which a rule would take precedence over a treaty provision would be where the rule has the special status of being part of the *jus cogens*.

International custom

Article 38.1(b) of the ICJ Statute refers to "international custom" as a source of international law, specifically emphasizing the two requirements of state practice plus acceptance of the practice as obligatory or *opinio juris sive necessitatis* (usually abbreviated as *opinio juris*).

Derived from the consistent practice of (originally) Western states accompanied by *opinio juris* (the conviction of States that the consistent practice is required by a legal obligation), customary international law is differentiated from acts of comity by the presence of *opinio juris* (although in some instances, acts of comity have developed into customary international law, i.e. diplomatic immunity). Treaties have gradually displaced much customary international law. This development is similar to the replacement of customary or common law by codified law in municipal legal settings, but customary international law continues to play a significant role in international law.

State practice

When examining state practice to determine relevant rules of international law, it is necessary to take into account every activity of the organs and officials of states that relate to that purpose. There has been continuing debate over where a distinction should be drawn as to the weight that should be attributed to what states do, rather than what they say represents the law. In its most extreme form, this would involve rejecting what states say as practice and relegating it to the status of evidence of *opinio juris*.^[2] A more moderate version would evaluate what a state says by reference to the occasion on which the statement was made.^[3] It is only relatively powerful countries with extensive international contacts and interests that have regular opportunities of contributing by deed to the practice of international law. The principal means of contribution to state practice for the majority of states will be at meetings of international organisations, particularly the UN General Assembly, by voting and otherwise expressing their view on matters under consideration. Moreover, there are circumstances in which what states say may be the only evidence of their view as to what conduct is required in a particular situation.^[4]

The notion of practice establishing a customary rule implies that the practice is followed regularly, or that such state practice must be "common, consistent and concordant".^[5] Given the size of the international community, the practice does not have to encompass all states or be completely uniform. There has to be a sufficient degree of participation, especially on the part of states whose interests are likely be most affected,^[6] and an absence of substantial dissent.^[7] There have been a number

of occasions on which the ICJ has rejected claims that a customary rule existed because of a lack of consistency in the practice brought to its attention.^[8]

Within the context of a specific dispute, however, it is not necessary to establish the generality of practice. A rule may apply if a state has accepted the rule as applicable to it individually, or because the two states belong to a group of states between which the rule applies.^[9]

A dissenting state is entitled to deny the opposability of a rule in question if it can demonstrate its persistent objection to that rule,^[10] either as a member of a regional group^[11] or by virtue of its membership of the international community.^[12] It is not easy for a single state to maintain its dissent. Also, rules of the *jus cogens* have a universal character and apply to all states, irrespective of their wishes.^[13]

Demand for rules that are responsive to increasingly rapid changes has led to the suggestion that there can be, in appropriate circumstances, such a concept as "instant custom". Even within traditional doctrine, the ICJ has recognised that passage of a short period of time is not necessarily a bar to the formation of a new rule.^[14] Because of this, the question is sometimes raised as to whether the word "custom" is suitable to a process that could occur with great rapidity.

Opinio juris

A wealth of state practice does not usually carry with it a presumption that *opinio juris* exists. "Not only must the acts concerned amount to a settled practice, but they must also be such, or be carried out in such a way, as to be evidence of a belief that this practice is rendered obligatory by the existence of a rule of law requiring it."^[15]

In cases where practice (of which evidence is given) comprises abstentions from acting, consistency of conduct might not establish the existence of a rule of customary international law. The fact that no nuclear weapons have been used since 1945, for example, does not render their use illegal on the basis of a customary obligation because the necessary *opinio juris* was lacking.^[16]

Although the ICJ has frequently referred to *opinio juris* as being an equal footing with state practice,^[17] the role of the psychological element in the creation of customary law is uncertain...

Jus cogens

A peremptory norm or *jus cogens* (Latin for "compelling law" or "strong law") is a principle of international law considered so fundamental that it overrides all other sources of international law, including even the Charter of the United Nations. The principle of *jus cogens* is enshrined in Article 53 of the Vienna Convention on the Law of Treaties:

For the purposes of the present Convention, a peremptory norm of general international law is a norm accepted and recognised by the international community of States as a whole as a norm from which no derogation is permitted and which can be modified only by a subsequent norm of general international law having the same character.^[1]

Rules of *jus cogens* generally require or forbid the state to do particular acts or respect certain rights. However, some define criminal offences which the state must enforce against individuals. Generally included on lists of such norms are prohibitions of such crimes and internationally wrongful acts as waging aggressive war, war crimes, crimes against humanity, piracy, genocide, apartheid, slavery and torture.

The evidence supporting the emergence of a rule of *jus cogens* will be essentially similar to that required to establish the creation of a new rule of customary

international law. Indeed, *jus cogens* could be thought of as a special principle of custom with a superadded *opinio juris*. The European Court of Human Rights has stressed the international public policy aspect of the *jus cogens*.

Treaties as law

Treaties can play the role of contracts between two or more parties, such as an extradition treaty or a defence pact. They can also be legislation to regulate a particular aspect of international relations, or form the constitutions of international organisations. Whether or not all treaties can be regarded as sources of law, they are sources of obligation for the parties to them. Article 38(1)(a), which uses the term "international conventions", concentrates upon treaties as a source of contractual obligation but also acknowledges the possibility of a state expressly accepting the obligations of a treaty to which it is not formally a party.

For a treaty-based rule to be a source of law, rather than simply a source of obligation, it must either be capable of affecting non-parties or have consequences for parties more extensive than those specifically imposed by the treaty itself.

Treaties as custom

Some treaties are the result of codifying existing customary law, such as laws governing the global commons, and *jus ad bellum*. While the purpose is to establish a code of general application, its effectiveness depends upon the number of states that ratify or accede to the particular convention. Relatively few such instruments have a sufficient number of parties to be regarded as international law in their own right. The most obvious examples are the 1949 Geneva Conventions for the Protection of War Victims.

Most multi-lateral treaties fall short of achieving such a near universal degree of formal acceptance, and are dependent upon their provisions being regarded as representing customary international law and, by this indirect route, as binding upon non-parties. This outcome is possible in a number of ways:

- When the treaty rule reproduces an existing rule of customary law, the rule will be clarified in terms of the treaty provision. A notable example is the Vienna Convention on the Law of Treaties 1969, which was considered by the ICJ to be law even before it had been brought into force.^[18]
- When a customary rule is in the process of development, its incorporation in a multilateral treaty may have the effect of consolidating or crystallising the law in the form of that rule. It is not always easy to identify when this occurs. Where the practice is less developed, the treaty provision may not be enough to crystallise the rule as part of customary international law.^[19]
- Even if the rule is new, the drafting of the treaty provision may be the impetus for its adoption in the practice of states, and it is the subsequent acceptance of the rule by states that renders it effective as part of customary law.^[20] If a broad definition is adopted of state practice, the making of a treaty would fall within the definition. Alternatively, it is possible to regard the treaty as the final act of state practice required to establish the rule in question, or as the necessary articulation of the rule to give it the *opinio juris* of customary international law.
- Convention-based "instant custom" has been identified by the ICJ on several occasions as representing customary law without explanation of whether the provision in question was supported by state practice. This has happened with respect to a number of provisions of the Vienna Convention on the Law of

Treaties 1969. If "instant custom" is valid as law, it could deny to third parties the normal consequences of non-accession to the treaty.

General principles of law

The scope of general principles of law, to which Article 38(1) of the Statute of the ICJ refers, is unclear and controversial but may include such legal principles that are common to a large number of systems of municipal law. Given the limits of treaties or custom as sources of international law, Article 38(1) may be looked upon as a directive to the Court to fill any gap in the law and prevent a non liquet by reference to the general principles.

In earlier stages of the development of international law, rules were frequently drawn from municipal law. In the 19th century, legal positivists rejected the idea that international law could come from any source that did not involve state will or consent, but were prepared to allow for the application of general principles of law, provided that they had in some way been accepted by states as part of the legal order. Thus Article 38(1)(c), for example, speaks of general principles "recognised" by states. An area that demonstrates the adoption of municipal approaches is the law applied to the relationship between international officials and their employing organisations,^[21] although today the principles are regarded as established international law.

The significance of general principles has undoubtedly been lessened by the increased intensity of treaty and institutional relations between states. Nevertheless, the concepts of estoppel and equity have been employed in the adjudication of international disputes. For example, a state that has, by its conduct, encouraged another state to believe in the existence of a certain legal or factual situation, and to rely upon that belief, may be estopped from asserting a contrary situation in its dealings.^[22] The principle of good faith was said by the ICJ to be "[o]ne of the basic principles governing the creation and performance of legal obligations".^[23] Similarly, there have been frequent references to equity.^[24] It is generally agreed that equity cannot be employed to subvert legal rules (that is, operate *contra legem*).^[25] This "equity as law" perception is reinforced by references to equitable principles in the text of the United Nations Convention on the Law of the Sea 1982, though this may be little more than an admission as to the existence, and legitimation, of the discretion of the adjudicator.

However, the principles of estoppel and equity in the international context do not retain all the connotations they do under common law. The reference to the principles as "general" signify that, if rules were to be adapted from municipal law, they should be at a sufficient level of generality to encompass similar rules existing in many municipal systems. Principles of municipal law should be regarded as sources of inspiration rather than as sources of rules of direct application.^[26]

Judicial decisions and juristic writings

According to Article 38(1)(d) of its Statute, the ICJ is also to apply "judicial decisions and the teachings of the most highly qualified publicists of the various nations, as subsidiary means for the determination of rules of law". It is difficult to tell what influence these materials have on the development of the law. Pleadings in cases before the ICJ are often replete with references to case law and to legal literature.

Judicial decisions

The decisions of international and municipal courts and the publications of academics can be referred to, not as a source of law as such, but as a means of

recognizing the law established in other sources. In practice the International Court of Justice does not refer to domestic decisions although it does invoke its previous case-law.

There is no rule of stare decisis in international law. The decision of the Court has no binding force except between the parties and in respect of that particular case.^[27] Nevertheless, often the Court would refer to its past decisions and advisory opinions to support its explanation of a present case.

The International Court of Justice will often consider the draft Articles on international law published by the International Law Commission as authoritative statements^[dubious - discuss] on international law. Often they will consider General Assembly resolutions as indicative of customary international law.

Juristic writings

Article 38(1)(d) of the *International Court of Justice Statute* states that the 'teachings of the most highly qualified publicists of the various nations' are also among the 'subsidiary means for the determination of the rules of law'. The scholarly works of prominent jurists are not sources of international law but are essential in developing the rules that are sourced in treaties, custom and the general principles of law. This is accepted practice in the interpretation of international law and was utilised by the United States Supreme Court in *The Paquete Habana* case (175 US (1900) 677 at 700-1).

Sources of International Law are the materia and processes out of which the rules and principles regulating the international community developed. They have been influenced by a range of political and legal theories. During the 20th century, it was recognised by legal positivists that a sovereign state could limit its authority to act by consenting to an agreement according to the principle *pacta sunt servanda*. This consensual view of international law was reflected in the 1920 Statute of the Permanent Court of International Justice, and preserved in Article 7 of the 1946 Statute of the International Court of Justice.

Public international law

Public international law (or international public law) concerns the relationships between the entities or legal persons which are considered the subjects of international law, including sovereign nations, the Holy See, international organizations (including especially intergovernmental organizations such as the United Nations), and in some cases, movements of national liberation (wars of national liberation) and armed insurrectional movements (see insurgency). Norms of international law have their source in either 1) *custom*, or customary international law (consistent state practice accompanied by *opinio juris*), 2) globally accepted standards of behaviour (peremptory norms known as *jus cogens* or *ius cogens*), or 3) codifications contained in conventional agreements, generally termed treaties. Article 13 of the United Nations Charter obligates the UN General Assembly to initiate studies and make recommendations which encourage the progressive development of international law and its codification. Evidence of consensus or state practice can sometimes be derived from intergovernmental resolutions or academic and expert legal opinions (sometimes collectively termed soft law).

International law has existed since the Middle Ages (see Islamic international law), but much of its modern corpus began developing from the mid-19th century. In the 20th century, the two World Wars and the formation of the League of Nations (and

other international organizations such as the International Labor Organization) all contributed to accelerate this process and established much of the foundations of modern public international law. After the failure of the Treaty of Versailles and World War II, the League of Nations was replaced by the United Nations, founded under the UN Charter. The UN has also been the locus for the development of new advisory (non-binding) standards, such as the Universal Declaration of Human Rights. Other international norms and laws have been established through international agreements, including the Geneva Conventions on the conduct of war or armed conflict, as well as by agreements implemented by other international organizations such as the ILO, the World Health Organization, the World Intellectual Property Organization, the International Telecommunication Union, UNESCO, the World Trade Organization, and the International Monetary Fund. The development and consolidation of such conventions and agreements has proven to be of great importance in the realm of international relations.

Conflict of laws

Conflict of laws, often called "private international law" in civil law jurisdictions, is less international than public international law. It is distinguished from public international law because it governs conflicts between private persons, rather than states (or other international bodies with standing). It concerns the questions of which jurisdiction should be permitted to hear a legal dispute between private parties, and which jurisdiction's law should be applied, therefore raising issues of international law. Today corporations are increasingly capable of shifting capital and labor supply chains across borders, as well as trading with overseas corporations. This increases the number of disputes of an inter-state nature outside a unified legal framework, and raises issues of the enforceability of standard practices. Increasing numbers of businesses use commercial arbitration under the *New York Convention 1958*.

European Union

Motto: United in diversity^{[1][2][3]}

Anthem: *Ode to Joy*^[2] (orchestral)

Political centres Brussels
Luxembourg
Strasbourg

Official languages 23[show]

Demonym European^[4]

Members 27[show]

Leaders

- Commission José Manuel Barroso (EPP)
- Council of Ministers of Miguel Ángel Moratinos (Spain)
- European Council Herman Van Rompuy (EPP)

| | |
|----------------------|--|
| Parliament | Jerzy Buzek (EPP) |
| Establishment | |
| Paris Treaty | 18 April 1951 |
| Rome Treaty | 25 March 1957 |
| Maastricht Treaty | 7 February 1992 |
| Lisbon Treaty | 13 December 2007 |
| Area | |
| Total | 4,324,782 km ² 1,669,807 sq mi |
| Water (%) | 3.08 |
| Population | |
| 2010 estimate | 501,259,840 |
| Density | 114/km ² 289/sq mi |
| GDP (PPP) | 2008 (IMF) estimate |
| Total | \$15.247 trillion |
| Per capita | \$30,513 |
| GDP (nominal) | 2008 (IMF) estimate |
| Total | \$18.394 trillion |
| Per capita | \$36,812 |
| Gini (2009) | 30.7 (EU25) ^[5] (High) |
| HDI (2007) | 0.937 (High) |
| Currency | Euro + 11[show] |
| Time zone | (UTC+0 to +2) |
| Summer (DST) | (UTC+1 to +3 ^[6]) |
| Internet TLD | .eu ^[7] |
| Website | europa.eu |
| Calling code | See list |

The **European Union (EU)** is an economic and political union of 27 member states,^[8] located primarily in Europe. Committed to regional integration, the EU was established by the Treaty of Maastricht on 1 November 1993 upon the foundations of the European Communities.^[9] With over 500 million citizens^[10], the EU combined generates an estimated 30% share (US\$ 18.4 trillion in 2008) of the nominal gross world product and about 22% (US\$15.2 trillion in 2008) of the PPP gross world product.^[11]

The EU has developed a single market through a standardised system of laws which apply in all member states, ensuring the free movement of people, goods, services, and capital.^[12] It maintains common policies on trade,^[13] agriculture, fisheries^[14] and regional development.^[15] Sixteen member states have adopted a common currency, the euro, constituting the Eurozone. The EU has developed a limited role in foreign policy, having representation at the World Trade Organization, G8, G-20 major economies and at the United Nations. It enacts legislation in justice and home affairs, including the abolition of passport controls by the Schengen agreement between 22 EU and 3 non-EU states.^[16]

As an international organisation, the EU operates through a hybrid system of supranationalism and intergovernmentalism.^{[17][18][19]} In certain areas, decisions are made through negotiation between member states, while in others, independent supranational institutions are responsible without a requirement for unanimity between member states. Important institutions of the EU include the European Commission, the Council of the European Union, the European Council, the Court of Justice of the European Union, and the European Central Bank. The European Parliament is elected every five years by member states' citizens, to whom the citizenship of the European Union is guaranteed.

The EU traces its origins from the European Coal and Steel Community formed among six countries in 1951 and the Treaty of Rome formed in 1957 by the same states. Since then, the EU has grown in size through enlargement, and in power through the addition of policy areas to its remit.

History

After the end of the Second World War, moves towards European integration were seen by many as an escape from the extreme forms of nationalism which had devastated the continent.^[20] One such attempt to unite Europeans was the European Coal and Steel Community which, while having the modest aim of centralised control of the previously national coal and steel industries of its member states, was declared to be "a first step in the federation of Europe".^[21] The originators and supporters of the Community include Jean Monnet, Robert Schuman, Paul Henri Spaak and Alcide de Gasperi. The founding members of the Community were Belgium, France, Italy, Luxembourg, the Netherlands and West Germany.^[22]

In 1957, these six countries signed the Treaties of Rome which extended the earlier cooperation within the European Coal and Steel Community and created the European Economic Community, (EEC) establishing a customs union and the European Atomic Energy Community (Euratom) for cooperation in developing nuclear energy.^[22] In 1967 the Merger Treaty created a single set of institutions for the three communities, which were collectively referred to as the *European Communities* (EC), although commonly just as the *European Community*.^[23]

In 1973, the Communities enlarged to include Denmark, Ireland and the United Kingdom.^[24] Norway had negotiated to join at the same time but Norwegian voters

rejected membership in a referendum and so Norway remained outside. In 1979 the first direct, democratic elections to the European Parliament were held.^[25]

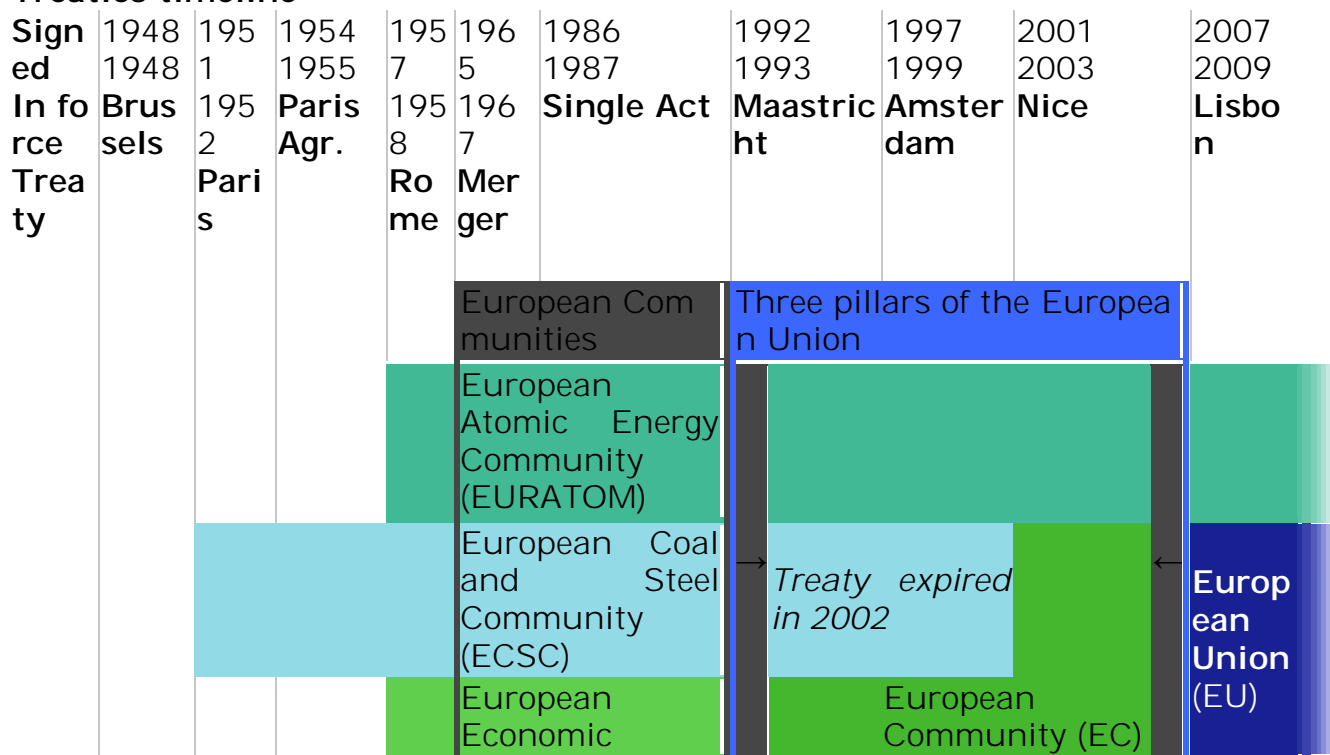
Greece joined in 1981, and Spain and Portugal in 1986.^[26] In 1985 the Schengen Agreement led the way toward the creation of open borders without passport controls between most member states and some non-member states.^[27] In 1986 the European flag began to be used by the Community^[28] and the Single European Act was signed.

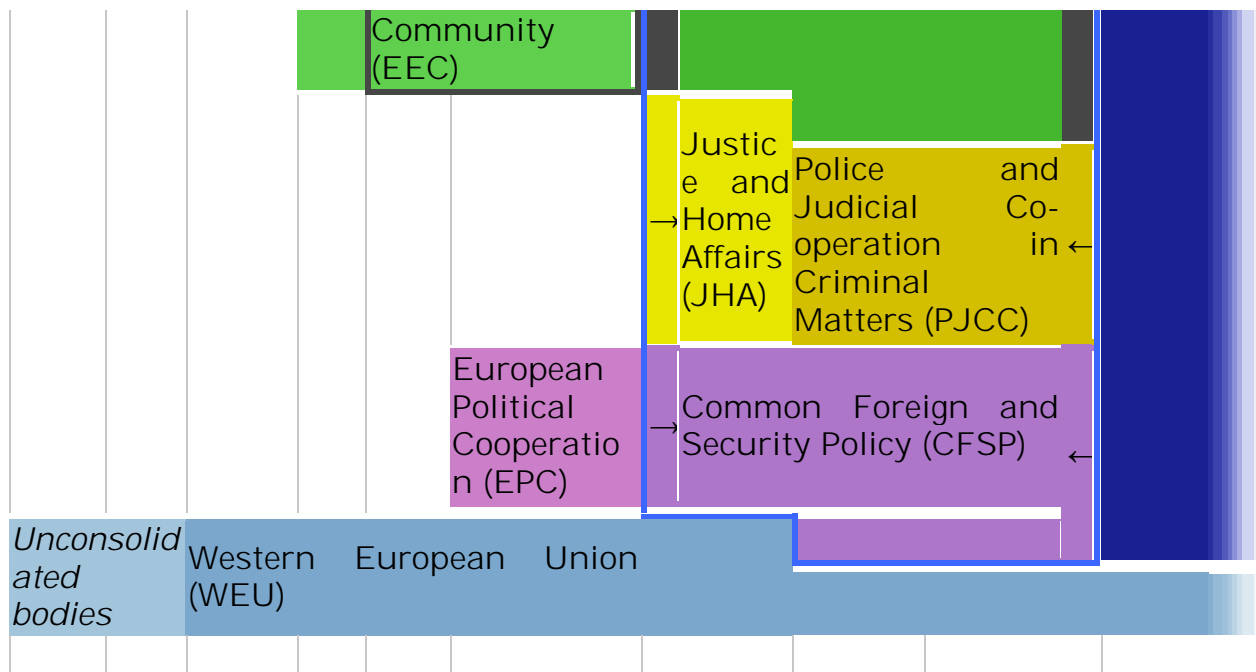
In 1990, after the fall of the Iron Curtain, the former East Germany became part of the Community as part of a newly united Germany.^[29] With enlargement toward Eastern and Central Europe on the agenda, the Copenhagen criteria for candidate members to join the European Union were agreed.

The European Union was formally established when the Maastricht Treaty came into force on 1 November 1993,^[9] and in 1995 Austria, Sweden and Finland joined the newly established EU. In 2002, euro notes and coins replaced national currencies in 12 of the member states. Since then, the eurozone has increased to encompass sixteen countries, with Slovakia joining the eurozone on 1 January 2009. In 2004, the EU saw its biggest enlargement to date when Malta, Cyprus, Slovenia, Estonia, Latvia, Lithuania, Poland, the Czech Republic, Slovakia, and Hungary joined the Union.^[30]

On 1 January 2007, Romania and Bulgaria became the EU's newest members and Slovenia adopted the euro.^[30] In June 2009 the 2009 elections which later led to a renewal of Barroso's Commission Presidency and in July of that year Iceland formally applied for EU membership. On 1 December 2009 the Lisbon Treaty came into force after a protracted and controversial birth. This reformed many aspects of the EU but in particular created a permanent President of the European Council, the first of which is Herman van Rompuy, and a strengthened High Representative, Catherine Ashton.

Treaties timeline





Member states

The Union's membership has grown from the original six founding states—Belgium, France, (then-West) Germany, Italy, Luxembourg and the Netherlands—to the present day 27 by successive enlargements as countries acceded to the treaties and by doing so, pooled their sovereignty in exchange for representation in the institutions.^[32]

To join the EU a country must meet the Copenhagen criteria, defined at the 1993 Copenhagen European Council. These require a stable democracy that respects human rights and the rule of law; a functioning market economy capable of competition within the EU; and the acceptance of the obligations of membership, including EU law. Evaluation of a country's fulfilment of the criteria is the responsibility of the European Council.^[33]

No member state has ever left the Union, although Greenland (an autonomous province of Denmark) withdrew in 1985. The Lisbon Treaty now provides a clause dealing with how a member leaves the EU.

There are three official candidate countries, Croatia, Macedonia and Turkey. Albania, Bosnia and Herzegovina, Montenegro, Serbia and Iceland are officially recognised as potential candidates.^[34] Kosovo is also listed as a potential candidate but the European Commission does not list it as an independent country because not all member states recognise it as an independent country separate from Serbia.^[35]

Four Western European countries that have chosen not to join the EU have partly committed to the EU's economy and regulations: Iceland, which has now applied for membership, Liechtenstein and Norway, which are a part of the single market through the European Economic Area, and Switzerland, which has similar ties through bilateral treaties.^{[36][37]} The relationships of the European microstates, Andorra, Monaco, San Marino and the Vatican include the use of the euro and other areas of co-operation.^[38]

Geography

The territory of the EU consists of the combined territories of its 27 member states with some exceptions, outlined below. The territory of the EU is not the same as that of Europe, as parts of the continent are outside the EU, such as Switzerland,

Norway, European Russia, and Iceland. Some parts of member states are not part of the EU, despite forming part of the European continent (for example the Isle of Man and Channel Islands (two Crown Dependencies), and the Faroe Islands, a territory of Denmark). The island country of Cyprus, a member of the EU, is closer to Turkey than to mainland Europe and is often considered part of Asia.^{[39][40]}

Several territories associated with member states that are outside geographic Europe are also not part of the EU (such as Greenland, Aruba, the Netherlands Antilles, and all the non-European British overseas territories). Some overseas territories are part of the EU even though geographically not part of Europe, such as the Azores, the Canary Islands, Madeira, Lampedusa, French Guiana, Guadeloupe, Saint Barthélemy, Martinique and Réunion, Ceuta and Melilla. As well, although being technically part of the EU,^[41] EU law is suspended in Northern Cyprus as it is under the *de facto* control of the *Turkish Republic of North Cyprus*, a self-proclaimed state that is recognised only by Turkey.

The EU's member states cover an area of 4,422,773 square kilometres (1,707,642 sq mi).^[42] The EU is larger in area than all but six countries, and its highest peak is Mont Blanc in the Graian Alps, 4,807 metres (15,771 ft) above sea level. The landscape, climate, and economy of the EU are influenced by its coastline, which is 65,993 kilometres (41,006 mi) long. The EU has the world's second-longest coastline, after Canada. The combined member states share land borders with 19 non-member states for a total of 12,441 kilometres (7,730 mi), the fifth-longest border in the world.^{[18][43][44]}

Including the overseas territories of member states, the EU experiences most types of climate from Arctic to tropical, rendering meteorological averages for the EU as a whole meaningless. The majority of the population lives in areas with a Mediterranean climate (Southern Europe), a temperate maritime climate (Western Europe), or a warm summer continental or hemiboreal climate (Eastern Europe).^[45]

Governance

The institutions of the EU operate solely within those competencies conferred on it upon the treaties and according to the principle of subsidiarity (which dictates that action by the EU should only be taken where an objective cannot be sufficiently achieved by the member states alone). Law made by the EU institutions is passed in a variety of forms, primarily that which comes into direct force and that which must be passed in a refined form by national parliaments.

Legislative competencies are divided equally, with some exceptions, between the European Parliament and the Council of the European Union while executive tasks are carried out by the European Commission and in a limited capacity by the European Council (not to be confused with the aforementioned Council of the European Union). The interpretation and the application of EU law and the treaties are ensured by the Court of Justice of the European Union. There are also a number of ancillary bodies which advise the EU or operate in a specific area.

The EU receives its political leadership from the European Council, which usually meets four times a year. It comprises one representative per member state—either its head of state or head of government—plus its President as well as the President of the Commission. The member states' representatives are assisted by their Foreign Ministers. The European Council uses its leadership role to sort out disputes between member states and the institutions, and to resolve political crises and disagreements over controversial issues and policies. The European Council should

not be mistaken for the Council of Europe, an international organisation independent from the EU.

On 19 November 2009, Herman Van Rompuy was chosen as the first President of the European Council and Catherine Ashton was chosen as the High Representative of the Union for Foreign Affairs and Security Policy. They both assumed office on 1 December 2009.

Council

The Council (also called "Council of the European Union"^[46] and sometimes referred to as the "Council of Ministers"^[47]) forms one half of the EU's legislature. It consists of a government minister from each member state and meets in different compositions depending on the policy area being addressed. Notwithstanding its different compositions, it is considered to be one single body.^[48] In addition to its legislative functions, the Council also exercises executive functions in relations to the Common Foreign and Security Policy.

The European Commission acts as the EU's executive arm and is responsible for initiating legislation and the day-to-day running of the EU. It is intended to act solely in the interest of the EU as a whole, as opposed to the Council which consists of leaders of member states who reflect national interests. The commission is also seen as the motor of European integration. It is currently composed of 27 commissioners for different areas of policy, one from each member state. The President of the Commission and all the other commissioners are nominated by the Council. Appointment of the Commission President, and also the Commission in its entirety, have to be confirmed by Parliament.^[49]

Parliament

The European Parliament forms the other half of the EU's legislature. The 736 (soon to be 750) Members of the European Parliament (MEPs) are directly elected by EU citizens every five years. Although MEPs are elected on a national basis, they sit according to political groups rather than their nationality. Each country has a set number of seats and in some cases is divided into sub-national constituencies. The Parliament and the Council of Ministers pass legislation jointly in nearly all areas under the ordinary legislative procedure. This also applies to the EU budget. Finally, the Commission is accountable to Parliament, requiring its approval to take office, having to report back to it and subject to motions of censure from it. The President of the European Parliament carries out the role of speaker in parliament and represents it externally. The president and vice presidents are elected by MEPs every two and a half years.^[50]

Courts

The judicial branch of the EU—formally called the Court of Justice of the European Union—consists of three courts: the Court of Justice, the General Court, and the European Union Civil Service Tribunal. Together they interpret and apply the treaties and the law of the EU.^[51]

The Court of Justice primarily deals with cases taken by member states, the institutions, and cases referred to it by the courts of member states.^[52] The General Court mainly deals with cases taken by individuals and companies directly before the EU's courts,^[53] and the European Union Civil Service Tribunal adjudicates in

disputes between the European Union and its civil service.^[54] Decisions from the General Court can be appealed to the Court of Justice but only on a point of law.^[55]

Legal system

The EU is based on a series of treaties. These first established the European Community and the EU, and then made amendments to those founding treaties.^[56] These are power-giving treaties which set broad policy goals and establish institutions with the necessary legal powers to implement those goals. These legal powers include the ability to enact legislation^[57] which can directly affect all member states and their inhabitants.^[58] Under the principle of supremacy, national courts are required to enforce the treaties that their member states have ratified, and thus the laws enacted under them, even if doing so requires them to ignore conflicting national law, and (within limits) even constitutional provisions.^[59]

The main legal acts of the EU come in three forms: regulations, directives, and decisions. Regulations become law in all member states the moment they come into force, without the requirement for any implementing measures,^[60] and automatically override conflicting domestic provisions.^[57] Directives require member states to achieve a certain result while leaving them discretion as to how to achieve the result. The details of how they are to be implemented are left to member states.^[61]

When the time limit for implementing directives passes, they may, under certain conditions, have direct effect in national law against member states. Decisions offer an alternative to the two above modes of legislation. They are legal acts which only apply to specified individuals, companies or a particular member state. They are most often used in Competition Law, or on rulings on State Aid, but are also frequently used for procedural or administrative matters within the institutions. Regulations, directives, and decisions are of equal legal value and apply without any formal hierarchy.

One of the complicating features of the EU's legal system is the multiplicity of legislative procedures used to enact legislation. The treaties micro-manage the EU's powers, indicating different ways of adopting legislation for different policy areas and for different areas within the same policy areas.^[62] A common feature of the EU's legislative procedures, however, is that almost all legislation must be initiated by the Commission, rather than member states or European parliamentarians.^[63] The two most common procedures are co-decision, under which the European Parliament can veto proposed legislation, and consultation, under which Parliament is only permitted to give an opinion which can be ignored by European leaders. In most cases legislation must be agreed by the council.^[64]

National courts within the member states play a key role in the EU as enforcers of EU law, and a "spirit of cooperation" between EU and national courts is laid down in the Treaties. National courts can apply EU law in domestic cases, and if they require clarification on the interpretation or validity of any EU legislation related to the case it may make a reference for a preliminary ruling to the Court of Justice. The right to declare EU legislation invalid however is reserved to the EU courts.

Fundamental rights

As a product of efforts to establish a written fundamental rights code, the EU drew up the Charter of Fundamental Rights in 2000. The Charter is legally binding since the Lisbon Treaty has come into force.^[65] Also, the Court of Justice gives judgements on fundamental rights derived from the "constitutional traditions common to the

member states,"^[66] and may even invalidate EU legislation based on its failure to adhere to these fundamental rights.^[67]

Although signing the European Convention on Human Rights (ECHR) is a condition for EU membership,^[68] the EU itself is not covered by the convention as it is neither a state^[69] nor has the competence to accede.^[70] Nonetheless the Court of Justice and European Court of Human Rights co-operate to ensure their case-law does not conflict.^[71] Since the entry into force of the Lisbon Treaty, the EU has been required to accede to the ECHR.^[72] The EU opposes the death penalty and promotes its world wide abolition.^[73] Abolition of the death penalty is a condition for EU membership.^[74]

Foreign relations

EU member states have a standardised passport design, burgundy coloured with the name of the member state, Coat of Arms and with the words "European Union" given in their official language(s) at the top; in this case those of Ireland.

Foreign policy cooperation between member states dates from the establishment of the Community in 1957, when member states negotiated as a bloc in international trade negotiations under the Common Commercial Policy.^[75] Steps for a more wide ranging coordination in foreign relations began in 1970 with the establishment of European Political Cooperation which created an informal consultation process between member states with the aim of forming common foreign policies. It was not, however, until 1987 when European Political Cooperation was introduced on a formal basis by the Single European Act. EPC was renamed as the *Common Foreign and Security Policy* (CFSP) by the Maastricht Treaty.^[76]

The Maastricht Treaty gives the CFSP the aims of promoting both the EU's own interests and those of the international community as a whole. This includes promoting international co-operation, respect for human rights, democracy, and the rule of law.^[77]

The Amsterdam Treaty created the office of the High Representative for the Common Foreign and Security Policy (currently held by Catherine Ashton) to co-ordinate the EU's foreign policy.^[78] The High Representative, in conjunction with the current Presidency, speaks on behalf of the EU in foreign policy matters and can have the task of articulating ambiguous policy positions created by disagreements among member states. The Common Foreign and Security Policy requires unanimity among the now 27 member states on the appropriate policy to follow on any particular issue. The unanimity and difficult issues treated under the CFSP makes disagreements, such as those which occurred over the war in Iraq,^[79] not uncommon.

Besides the emerging international policy of the European Union, the international influence of the EU is also felt through enlargement. The perceived benefits of becoming a member of the EU act as an incentive for both political and economic reform in states wishing to fulfil the EU's accession criteria, and are considered an important factor contributing to the reform of former Communist countries in Central and Eastern Europe.^[80] This influence on the internal affairs of other countries is generally referred to as "soft power", as opposed to military "hard power".^[81]

In the UN, as an observer and working together, the EU has gained influence in areas such as aid due to its large contributions in that field (see below).^[82] In the G8, the EU has rights of membership besides chairing/hosting summit meetings and is represented at meetings by the presidents of the Commission and the Council.^[83] In

the World Trade Organisation (WTO), where all 27 member states are represented, the EU as a body is represented by Trade Commissioner Benita Ferrero-Waldner.^[84]

Military and defence

The predecessors of the European Union were not devised as a strong military alliance because NATO was largely seen as appropriate and sufficient for defence purposes.^[85] Twenty-one EU members are members of NATO^[86] while the remaining member states follow policies of neutrality.^[87] The Western European Union (WEU) is a European security organisation related to the EU. In 1992, the WEU's relationship with the EU was defined, when the EU assigned it the "Petersberg tasks" (humanitarian missions such as peacekeeping and crisis management). These tasks were later transferred from the WEU to the EU by the Amsterdam Treaty and now form part of the Common Foreign and Security Policy and the Common Security and Defence Policy. Elements of the WEU are currently being merged into the Common Foreign and Security Policy, and the President of the WEU is currently the EU's foreign policy chief.^{[88][89]}

Following the Kosovo War in 1999, the European Council agreed that "the Union must have the capacity for autonomous action, backed by credible military forces, the means to decide to use them, and the readiness to do so, in order to respond to international crises without prejudice to actions by NATO". To that end, a number of efforts were made to increase the EU's military capability, notably the Helsinki Headline Goal process. After much discussion, the most concrete result was the EU Battlegroups initiative, each of which is planned to be able to deploy quickly about 1500 men.^[90]

EU forces have been deployed on peacekeeping missions from Africa to the former Yugoslavia and the Middle East.^[91] EU military operations are supported by a number of bodies, including the European Defence Agency, satellite centre and the military staff.^[92] In an EU consisting of 27 members, substantial security and defence cooperation is increasingly relying on great power cooperation^[93].

Humanitarian aid

Collectively, the EU is the largest contributor of foreign aid in the world.

The European Community Humanitarian Aid Office, or "ECHO", provides humanitarian aid from the EU to developing countries. In 2006 its budget amounted to €671 million, 48% of which went to the African, Caribbean and Pacific countries.^[94] Counting the EU's own contributions and those of its member states together, the EU is the largest aid donor in the world.^[95]

The EU's aid has previously been criticised by the eurosceptic think-tank Open Europe for being inefficient, mis-targeted and linked to economic objectives.^[96] Furthermore, some charities have claimed European governments have inflated the amount they have spent on aid by incorrectly including money spent on debt relief, foreign students, and refugees. Under the de-inflated figures, the EU as a whole did not reach its internal aid target in 2006^[97] and is expected not to reach the international target of 0.7% of gross national income until 2015.^[98]

However, four countries have reached that target, most notably Sweden, Luxembourg, the Netherlands and Denmark.^[95] In 2005 EU aid was 0.34% of the GNP which was higher than that of either the United States or Japan.^[99] The previous commissioner for aid, Louis Michel, has called for aid to be delivered more rapidly, to greater effect, and on humanitarian principles.^[100]

Justice and home affairs

Over the years, the EU has developed a wide competence in the area of justice and home affairs. To this end, agencies have been established that co-ordinate associated actions: Europol for co-operation of police forces,^[101] Eurojust for co-operation between prosecutors,^[102] and Frontex for co-operation between border control authorities.^[103] The EU also operates the Schengen Information System^[104] which provides a common database for police and immigration authorities.

Furthermore, the Union has legislated in areas such as extradition,^[105] family law,^[106] asylum law,^[107] and criminal justice.^[108] Prohibitions against sexual and nationality discrimination have a long standing in the treaties.^[109] In more recent years, these have been supplemented by powers to legislate against discrimination based on race, religion, disability, age, and sexual orientation.^[110] By virtue of these powers, the EU has enacted legislation on sexual discrimination in the work-place, age discrimination, and racial discrimination.^[111]

Economy

Since its origin, the EU has established a single economic market across the territory of all its members. Currently, a single currency is in use between the 16 members of the eurozone.^{[112][113]} If considered as a single economy, the EU generated an estimated nominal gross domestic product (GDP) of US\$18.39 trillion (15.247 trillion international dollars based on purchasing power parity) in 2008, amounting to over 22% of the world's total economic output in terms of purchasing power parity,^[11] which makes it the largest economy in the world by nominal GDP and the second largest trade bloc economy in the world by PPP valuation of GDP. It is also the largest exporter,^[114] and largest importer^[115] of goods and services, and the biggest trading partner to several large countries such as China and India.^{[116][117][118]}

178 of the top 500 largest corporations measured by revenue (Fortune Global 500) have their headquarters in the EU.^[119]

In May 2007 unemployment in the EU stood at 7%^[120] while investment was at 21.4% of GDP, inflation at 2.2% and public deficit at -0.9% of GDP.^[121] There is a great deal of variance for annual per capita income within individual EU states, these range from US\$7,000 to US\$69,000.^[122]

Single market

Two of the original core objectives of the European Economic Community were the development of a common market, subsequently renamed the single market, and a customs union between its member states. The single market involves the free circulation of goods, capital, people and services within the EU,^[113] and the customs union involves the application of a common external tariff on all goods entering the market. Once goods have been admitted into the market they can not be subjected to customs duties, discriminatory taxes or import quotas, as they travel internally. The non-EU member states of Iceland, Norway, Liechtenstein and Switzerland participate in the single market but not in the customs union.^[36] Half the trade in the EU is covered by legislation harmonised by the EU.^[123]

Free movement of capital is intended to permit movement of investments such as property purchases and buying of shares between countries.^[124] Until the drive towards Economic and Monetary Union the development of the capital provisions had been slow. Post-Maastricht there has been a rapidly developing corpus of ECJ

judgements regarding this initially neglected freedom. The free movement of capital is unique insofar as that it is granted equally to non-member states.

The free movement of persons means citizens can move freely between member states to live, work, study or retire in another country. This required the lowering of administrative formalities and recognition of professional qualifications of other states.^[125]

The free movement of services and of establishment allows self-employed persons to move between member states in order to provide services on a temporary or permanent basis. While services account for between sixty and seventy percent of GDP, legislation in the area is not as developed as in other areas. This lacuna has been addressed by the recently passed Directive on services in the internal market which aims to liberalise the cross border provision of services.^[126] According to the Treaty the provision of services is a residual freedom that only applies if no other freedom is being exercised.

Monetary union

The creation of a European single currency became an official objective of the EU in 1969. However, it was only with the advent of the Maastricht Treaty in 1993 that member states were legally bound to start the monetary union no later than 1 January 1999. On this date the euro was duly launched by eleven of the then fifteen member states of the EU. It remained an accounting currency until 1 January 2002, when euro notes and coins were issued and national currencies began to phase out in the eurozone, which by then consisted of twelve member states. The eurozone has since grown to sixteen countries, the most recent being Slovakia which joined on 1 January 2009.

16 EU countries have introduced the euro as default currency.

All other EU member states, except Denmark and the United Kingdom, are legally bound to join the euro^[127] when the convergence criteria are met, however only a few countries have set target dates for accession. Sweden has circumvented the requirement to join the euro by not meeting the membership criteria.^[128]

The euro is designed to help build a single market by, for example: easing travel of citizens and goods, eliminating exchange rate problems, providing price transparency, creating a single financial market, price stability and low interest rates, and providing a currency used internationally and protected against shocks by the large amount of internal trade within the eurozone. It is also intended as a political symbol of integration and stimulus for more.^[112] Since its launch the euro has become the second reserve currency in the world with a quarter of foreign exchanges reserves being in euro.^[129]

The euro, and the monetary policies of those who have adopted it in agreement with the EU, are under the control of the European Central Bank (ECB).^[130] There are eleven other currencies used in the EU.^[112] A number of other countries outside the EU, such as Montenegro, use the euro without formal agreement with the ECB.^[38]

Competition

The EU operates a competition policy intended to ensure undistorted competition within the single market.^[131] The Commission as the competition regulator for the single market is responsible for antitrust issues, approving mergers, breaking up cartels, working for economic liberalisation and preventing state aid.^[132]

The Competition Commissioner, currently Neelie Kroes, is one of the most powerful positions in the Commission, notable for the ability to affect the commercial interests of trans-national corporations.^[133] For example, in 2001 the Commission for the first time prevented a merger between two companies based in the United States (GE and Honeywell) which had already been approved by their national authority.^[134] Another high profile case against Microsoft, resulted in the Commission fining Microsoft over €777 million following nine years of legal action.^[135]

In negotiations on the Treaty of Lisbon, French President Nicolas Sarkozy succeeded in removing the words "free and undistorted competition" from the treaties. However, the requirement is maintained in an annex and it is unclear whether this will have any practical effect on EU policy.^[136]

Budget

2006 EU total expenditure. 

The twenty-seven member state EU had an agreed budget of €120.7 billion for the year 2007 and €864.3 billion for the period 2007–2013,^[137] representing 1.10% and 1.05% of the EU-27's GNI forecast for the respective periods. By comparison, the United Kingdom's expenditure for 2004 was estimated to be €759 billion, and France was estimated to have spent €801 billion. In 1960, the budget of the then European Economic Community was 0.03% of GDP.^[138]

In the 2006 budget, the largest single expenditure item was agriculture with around 46.7% of the total budget.^[139] Next came structural and cohesion funds with approximately 30.4% of the total.^[139] Internal policies took up around 8.5%. Administration accounted for around 6.3%. External actions, the pre-accession strategy, compensations and reserves brought up the rear with approximately 4.9%, 2.1%, 1% and 0.1% respectively.^[139]

Development

The Common Agricultural Policy (CAP) is one of the oldest policies of the European Community, and was one of its core aims.^[140] The policy has the objectives of increasing agricultural production, providing certainty in food supplies, ensuring a high quality of life for farmers, stabilising markets, and ensuring reasonable prices for consumers (article 33 of the Treaty of Rome).^[141] It was, until recently, operated by a system of subsidies and market intervention. Until the 1990s, the policy accounted for over 60% of the then European Community's annual budget, and still accounts for around 35%.^[140]

The policy's price controls and market interventions led to considerable overproduction, resulting in so-called *butter mountains* and *wine lakes*. These were intervention stores of produce bought up by the Community to maintain minimum price levels. In order to dispose of surplus stores, they were often sold on the world market at prices considerably below Community guaranteed prices, or farmers were offered subsidies (amounting to the difference between the Community and world prices) to export their produce outside the Community. This system has been criticised for under-cutting farmers in the developing world.^[142]

The overproduction has also been criticised for encouraging environmentally unfriendly intensive farming methods.^[142] Supporters of CAP say that the economic support which it gives to farmers provides them with a reasonable standard of living,

in what would otherwise be an economically unviable way of life. However, the EU's small farmers receive only 8% of CAP's available subsidies.^[142]

Since the beginning of the 1990s, the CAP has been subject to a series of reforms. Initially these reforms included the introduction of set-aside in 1988, where a proportion of farm land was deliberately withdrawn from production, milk quotas (by the McSharry reforms in 1992) and, more recently, the 'de-coupling' (or disassociation) of the money farmers receive from the EU and the amount they produce (by the Fischler reforms in 2004). Agriculture expenditure will move away from subsidy payments linked to specific produce, toward direct payments based on farm size. This is intended to allow the market to dictate production levels, while maintaining agricultural income levels.^[140] One of these reforms entailed the abolition of the EU's sugar regime, which previously divided the sugar market between member states and certain African-Caribbean nations with a privileged relationship with the EU.^[143]

Energy

In 2006, the 27 member states of the EU had a gross inland energy consumption of 1,825 million tonnes of oil equivalent (toe).^[145] Around 46% of the energy consumed was produced within the member states while 54% was imported.^[145] In these statistics, nuclear energy is treated as primary energy produced in the EU, regardless of the source of the uranium, of which less than 3% is produced in the EU.^[146]

The EU has had legislative power in the area of energy policy for most of its existence; this has its roots in the original European Coal and Steel Community. The introduction of a mandatory and comprehensive European energy policy was approved at the meeting of the European Council in October 2005, and the first draft policy was published in January 2007.^[147]

The Commission has five key points in its energy policy: increase competition in the internal market, encourage investment and boost interconnections between electricity grids; diversify energy resources with better systems to respond to a crisis; establish a new treaty framework for energy co-operation with Russia while improving relations with energy-rich states in Central Asia^[148] and North Africa; use existing energy supplies more efficiently while increasing use of renewable energy; and finally increase funding for new energy technologies.^[147]

The EU currently imports 82% of its oil, 57% of its gas^[149] and 97.48% of its uranium^[146] demands. There are concerns that Europe's dependence on Russian energy is endangering the Union and its member countries. The EU is attempting to diversify its energy supply.^[150]

Infrastructure

The EU is working to improve cross-border infrastructure within the EU, for example through the Trans-European Networks (TEN). Projects under TEN include the Channel Tunnel, LGV Est, the Fréjus Rail Tunnel, the Öresund Bridge and the Brenner Base Tunnel. In 2001 it was estimated that by 2010 the network would cover: 75,200 kilometres (46,700 mi) of roads; 78,000 kilometres (48,000 mi) of railways; 330 airports; 270 maritime harbours; and 210 internal harbours.^{[151][152]}

The developing European transport policies will increase the pressure on the environment in many regions by the increased transport network. In the pre-2004 EU members, the major problem in transport deals with congestion and pollution.

After the recent enlargement, the new states that joined since 2004 added the problem of solving accessibility to the transport agenda.^[153] The Polish road network in particular was in poor condition: at Poland's accession to the EU, 4,600 roads needed to be upgraded to EU standards, demanding approximately €17 billion.^[154]

Another infrastructure project is the Galileo positioning system. Galileo is a proposed Global Navigation Satellite System, to be built by the EU and launched by the European Space Agency (ESA), and is to be operational by 2010. The Galileo project was launched partly to reduce the EU's dependency on the US-operated Global Positioning System, but also to give more complete global coverage and allow for far greater accuracy, given the aged nature of the GPS system.^[155] It has been criticised by some due to costs, delays, and their perception of redundancy given the existence of the GPS system.^[156]

Regional development

There are substantial economical disparities across the EU. Even corrected for purchasing power, the difference between the richest and poorest regions (NUTS-2 and NUTS-3 of the Nomenclature of Territorial Units for Statistics) is about a factor of ten. On the high end Frankfurt has €71,476 PPP per capita, Paris €68,989, and Inner London €67,798, while the three poorest NUTS, all in Romania, are Vaslui County with €3,690 PPP per capita, Botoşani County with €4,115, and Giurgiu County with €4,277.^[157] Compared to the EU average, the United States GDP per capita is 35% higher and the Japanese GDP per capita is approximately 15% higher.^[158]

There are a number of Structural Funds and Cohesion Funds to support development of underdeveloped regions of the EU. Such regions are primarily located in the new member states of East-Central Europe.^[159] Several funds provide emergency aid, support for candidate members to transform their country to conform to the EU's standard (Phare, ISPA, and SAPARD), and support to the former USSR Commonwealth of Independent States (TACIS). TACIS has now become part of the worldwide EuropeAid programme. The EU Seventh Framework Programme (FP7) sponsors research conducted by consortia from all EU members to work towards a single European Research Area.^[160]

Environment

The first environmental policy of the European Community was launched in 1972. Since then it has addressed issues such as acid rain, the thinning of the ozone layer, air quality, noise pollution, waste and water pollution. The Water Framework Directive is an example of a water policy, aiming for rivers, lakes, ground and coastal waters to be of "good quality" by 2015. Wildlife is protected through the Natura 2000 programme and covers 30,000 sites throughout Europe.^[161] In 2007, the Polish government sought to build a motorway through the Rospuda valley, but the Commission has been blocking construction as the valley is a wildlife area covered by the programme.^[162]

The REACH regulation was a piece of EU legislation designed to ensure that 30,000 chemicals in daily use are tested for their safety.^[163] In 2006, toxic waste spill off the coast of Côte d'Ivoire, from a European ship, prompted the Commission to look into legislation regarding toxic waste. With members such as Spain now having criminal laws against shipping toxic waste, the Commission proposed to create criminal sentences for "ecological crimes". Although the Commission's right to propose criminal law was contested, it was confirmed in this case by the Court of Justice.^[164]

In 2007, member states agreed that the EU is to use 20% renewable energy in the future and that it has to reduce carbon dioxide emissions in 2020 by at least 20% compared to 1990 levels.^[165] This includes measures that in 2020, one-tenth of all cars and trucks in EU 27 should be running on biofuels. This is considered to be one of the most ambitious moves of an important industrialised region to fight global warming.^[166]

At the 2007 United Nations Climate Change Conference, dealing with the successor to the Kyoto Protocol, the EU has proposed a 50% cut in greenhouse gases by 2050.^[167] The EU's attempts to cut its carbon footprint appear to have also been aided by an expansion of Europe's forests which, between 1990 and 2005, grew 10% in western Europe and 15% in Eastern Europe. During this period they soaked up 126 million metric tons of carbon dioxide, equivalent to 11% of EU emissions from human activities.^[168]

Education and research

Education and science are areas where the EU's role is limited to supporting national governments. In education, the policy was mainly developed in the 1980s in programmes supporting exchanges and mobility. The most visible of these has been the ERASMUS programme, a university exchange programme which began in 1987. In its first 20 years it has supported international exchange opportunities for well over 1.5 million university and college students and has become a symbol of European student life.^[169]

There are now similar programmes for school pupils and teachers, for trainees in vocational education and training, and for adult learners in the Lifelong Learning Programme 2007–2013. These programmes are designed to encourage a wider knowledge of other countries and to spread good practices in the education and training fields across the EU.^[170] Through its support of the Bologna process the EU is supporting comparable standards and compatible degrees across Europe.







Scientific development is facilitated through the EU's Framework Programmes, the first of which started in 1984. The aims of EU policy in this area are to co-ordinate and stimulate research. The independent European Research Council allocates EU funds to European or national research projects.^[171] The Seventh Framework Programme (FP7) deals in a number of areas, for example energy where it aims to develop a diverse mix of renewable energy for the environment and to reduce dependence on imported fuels.^[172]

Since January 2000 the European Commission has set its sights on a more ambitious objective, known as the European Research Area, and has extensively funded research in a few key areas. This has the support of all member states, and extends the existing financing structure of the frameworks. It aims to focus on co-ordination, sharing knowledge, ensuring mobility of researchers around Europe, improving conditions for researchers and encouraging links with business and industry as well as removing any legal and administrative barriers.^[173]

The EU is involved with six other countries to develop ITER, a fusion reactor which will be built in the EU at Cadarache. ITER builds on the previous project, Joint European Torus, which is currently the largest nuclear fusion reactor in the world.^[174] The Commission foresees this technology to be generating energy in the EU by 2050.^[147] It has observer status within CERN, there are various agreements with ESA and there is collaboration with ESO.^[175] These organisations are not under the framework of the EU, but membership heavily overlaps between them.

Demographics

Population of the 5 largest cities in the EU^[176]

| City  | City limits (2006)  | Density /km ² (city limits)  | Density /sq mi (city limits)  | Urban area (2005)  | LUZ (2004)  |
|--|--|--|--|---|--|
| Berlin | 3,410,000 | 3,815 | 9,880 | 3,761,000 | 4,971,331 |
| London | 7,512,400 | 4,761 | 12,330 | 9,332,000 | 11,917,000 |
| Madrid | 3,228,359 | 5,198 | 13,460 | 4,990,000 | 5,804,829 |
| Paris | 2,153,600 | 24,672 | 63,900 | 9,928,000 | 11,089,124 |
| Rome | 2,708,395 | 2,105 | 5,450 | 2,867,000 | 3,457,690 |




The combined population of all 27 member states has been estimated at 501,259,840 as of January 2010^{[10][177]}.

The EU's population is 7.3% of the world total, yet the EU covers just 3% of the Earth's land, amounting to a population density of 113 km² (44 sq mi) making the EU one of the most densely populated regions of the world. One third of EU citizens live in cities of over a million people, rising to 80% living in urban areas generally.^[178] The EU is home to more global cities than any other region in the world.^[179] It contains 16 cities with populations of over one million.

Besides many large cities, the EU also includes several densely populated regions that have no single core but have emerged from the connection of several cities and now encompass large metropolitan areas. The largest are Rhine-Ruhr having approximately 11.5 million inhabitants (Cologne, Dortmund, Düsseldorf et al.), Randstad approx. 7 million (Amsterdam, Rotterdam, The Hague, Utrecht et al.), Frankfurt/Rhine-Main approx. 5.8 million (Frankfurt, Wiesbaden et al.), the Flemish diamond approx. 5.5 million (urban area in between Antwerp, Brussels, Leuven and Ghent), the Upper Silesian Industrial Region approx. 3.5 million (Katowice, Sosnowiec et al.), and the Öresund Region approx. 2.5 million (Copenhagen, Denmark and Malmö, Sweden).^[180]

Languages

European official languages report (EU-25)

| Language  | Native Speakers  | Total  |
|--|---|---|
| English | 13% | 51% |
| German | 18% | 32% |
| French | 12% | 26% |
| Italian | 13% | 16% |
| Spanish | 9% | 15% |
| Polish | 9% | 10% |
| Dutch | 5% | 6% |
| Greek | 3% | 3% |
| Czech | 2% | 3% |

| | | |
|------------|----|----|
| Swedish | 2% | 3% |
| Hungarian | 2% | 2% |
| Portuguese | 2% | 2% |
| Catalan | 1% | 2% |
| Slovak | 1% | 2% |
| Danish | 1% | 1% |
| Finnish | 1% | 1% |
| Lithuanian | 1% | 1% |
| Slovene | 1% | 1% |

Published in 2006, before the accession of Bulgaria and Romania. Native: Native language^[181]
Total: EU citizens able to hold a conversation in this language^[182]

Among the many languages and dialects used in the EU, it has 23 official and working languages: Bulgarian, Czech, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Italian, Irish, Latvian, Lithuanian, Maltese, Polish, Portuguese, Romanian, Slovak, Slovene, Spanish, and Swedish.^{[183][184]}

Important documents, such as legislation, are translated into every official language. The European Parliament provides translation into all languages for documents and its plenary sessions.^[185] Some institutions use only a handful of languages as internal working languages.^[186] Language policy is the responsibility of member states, but EU institutions promote the learning of other languages.^{[187][188]}

German is the most widely spoken mother tongue (about 88.7 million people as of 2006), followed by English, Italian and French. English is by far the most spoken foreign language at over half (51%) of the population, with German and French following. 56% of European citizens are able to engage in a conversation in a language other than their mother tongue.^[189] Most official languages of the EU belong to the Indo-European language family, except Estonian, Finnish, and Hungarian, which belong to the Uralic language family, and Maltese, which is an Afroasiatic language. Most EU official languages are written in the Latin alphabet except Bulgarian, written in Cyrillic, and Greek, written in the Greek alphabet.^[190]

Besides the 23 official languages, there are about 150 regional and minority languages, spoken by up to 50 million people.^[190] Of these, only the Spanish regional languages (Catalan/Valencian, Galician, and the non-Indo-European Basque), Scottish Gaelic and Welsh ^[191] can be used by citizens in communication with the main European institutions.^[192] Although EU programmes can support regional and minority languages, the protection of linguistic rights is a matter for the individual member states. Though the population of Romani speakers is triple^[193] that of Welsh speakers (despite the Porajmos) and the history of Romani people in Europe is seven centuries long, their language is not official in any EU state.

Besides the many regional languages, a broad variety of languages from other parts of the world are spoken by immigrant communities in the member states: Turkish, Maghrebi Arabic, Russian, Urdu, Bengali, Hindi, Tamil, Ukrainian, Punjabi and Balkan languages are spoken in many parts of the EU. Many older immigrant communities are bilingual, being fluent in both the local (EU) language and in that of

their ancestral community. Migrant languages have no formal status or recognition in the EU or in the EU countries, although from 2007 they are eligible for support from the language teaching section of the EU's Lifelong Learning Programme 2007–2013.^[190]

Religion

Percentage of Europeans in each member state who believe in "a God"^[194]

The EU is a secular body with no formal connections to any religion and no mention of religion in any current or proposed treaty.^[141] Discussion over the draft texts of the European Constitution and later the Treaty of Lisbon included proposals to mention Christianity or God, or both, in the preamble of the text, but the idea faced opposition and was dropped.^[195] This emphasis on Christianity stems from it being by far the largest religion in Europe. Other significant religions present in EU countries are Islam, Buddhism, Sikhism and Hinduism.

Christians in the EU are divided among followers of Roman Catholicism, numerous Protestant denominations (especially in northern Europe) and Eastern Orthodox and Eastern Catholic (in south eastern Europe). Other religions, such as Islam and Judaism, are also represented in the EU population. As of 2009, the EU had an estimated Muslim population of 13 million,^[196] and an estimated Jewish population of over a million.^[197]

Eurostat's Eurobarometer opinion polls show that in 2005 the majority of EU citizens (52%) believed in god, and that a majority had some form of belief system, with 21% seeing it as important. Many countries have experienced falling church attendance and membership in recent years.^[198] The 2005 Eurobarometer showed that of the European citizens (of the 25 members at that time), 52% believed in a god, 27% in *some sort of spirit or life force* and 18% had no form of belief. The countries where the fewest people reported a religious belief were the Czech Republic (19%) and Estonia (16%).^[199]

The most religious countries are Malta (95%; predominantly Roman Catholic), and Cyprus and Romania both with about 90% of citizens believing in God (both predominantly Eastern Orthodox). Across the EU, belief was higher among women, increased with age, those with religious upbringing, those who left school at 15 with a basic education, and those "positioning themselves on the right of the political scale (57%)."^[199]

Culture and sport

Policies affecting cultural matters are mainly set by individual member states. Cultural co-operation between member states has been a concern of the EU since its inclusion as a community competency in the Maastricht Treaty.^[200] Actions taken in the cultural area by the EU include the Culture 2000 7-year programme,^[200] the European Cultural Month event,^[201] the Media Plus programme,^[202] orchestras such as the European Union Youth Orchestra^[203] and the European Capital of Culture programme – where one or more cities in the EU are selected for one year to assist the cultural development of that city.^[204]

In addition, the EU gives grants to cultural projects (totalling 233 in 2004) and has launched a Web portal dedicated to Europe and culture, responding to the European Council's expressed desire to see the Commission and the member states "promote the networking of cultural information to enable all citizens to access European cultural content by the most advanced technological means".^[205]

Sport is mainly the responsibility of individual member states or other international organisations rather than that of the EU. However, some EU policies have had an impact on sport, such as the free movement of workers which was at the core of the Bosman ruling, which prohibited national football leagues from imposing quotas on foreign players with European citizenship.^[206] Under the Treaty of Lisbon sports were given a special status which exempted this sector from many of the EU's economic rules. This followed lobbying by governing organisations such as the International Olympic Committee and FIFA, due to objections over the applications of free market principles to sport which led to an increasing gap between rich and poor clubs.^[207]

East African Community

The **East African Community (EAC)** is an intergovernmental organisation comprising the five east African countries Burundi, Kenya, Rwanda, Tanzania, and Uganda.^[1] While generally, the member nations are largely in favor of the East African Federation,^[citation needed] informal polls indicate that most Tanzanians (80% of its population) have an unfavorable view.^[2] Tanzania has more land than the other EAC nations combined, and some Tanzanians fear landgrabs by the current residents of the other EAC member nations.^{[3][4][5]} Land scarcity is a recurring issue in East Africa, particularly in Kenya, where clashes on the Kenyan side of Mount Elgon in 2007 left more than 150 dead and forced at least 60,000 away from their homes.^[6]

The first major step in establishing the East African Federation is the customs union in East Africa signed in March 2004 which commenced on 1 January 2005. Under the terms of the treaty, Kenya, the region's largest exporter, will continue to pay duties on its goods entering the other four countries until 2010, based on a declining scale. A common system of tariffs will apply to goods imported from third-party countries.

The EAC was originally founded in 1967, but collapsed in 1977, causing celebrations and wine-toasting in Kenya.^[7] It was officially revived on 7 July 2000.^[8] EAC is one of the pillars of the African Economic Community. In 2008, the EAC, after negotiations with the Southern Africa Development Community (SADC), and the Common Market for Eastern and Southern Africa (COMESA) agreed to an expanded free trade area including the member states of all three.

The East African region covers an area of 1.8 million square kilometres with a combined population of about 100 million (July 2005 est.) and has significant natural resources. Tanzania has had a relatively peaceful history since achieving independence, in contrast to the wars and civil strife that have occurred in Kenya, Rwanda, Burundi, and Uganda. Today East Africa seeks to maintain stability and prosperity in the midst of ongoing conflicts in the D.R. Congo, the Horn of Africa, and southern Sudan. The most prevalent languages of East Africa are Swahili , English, Kirundi and Kinyarwanda, although French is also common.^[citation needed]

History

Kenya, Tanzania and Uganda have had a history of co-operation dating back to the early 20th century, including the Customs Union between Kenya and Uganda in 1917, which the then Tanganyika joined in 1927, the East African High Commission (1948-1961), the East African Common Services Organisation (1961-1967) and the East African Community (1967-1977).^[9]

Inter-territorial co-operation between the Kenya Colony, the Uganda Protectorate and the Tanganyika Territory was first formalised in 1948 by the East African High Commission. This provided a customs union, a common external tariff, currency and postage; and also dealt with common services in transport and communications, research and education. Following independence, these integrated activities were reconstituted and the High Commission was replaced by the East African Common Services Organisation, which many observers thought would lead to a political federation between the three territories. The new organisation ran into difficulties because of the lack of joint planning and fiscal policy, separate political policies and Kenya's dominant economic position. In 1967 the East African Common Services Organisation was superseded by the East African Community. This body aimed to strengthen the ties between the members through a common market, a common customs tariff and a range of public services so as to achieve balanced economic growth within the region.^[10]

In 1977, the East African Community collapsed after ten years due to demands by Kenya to have more seats than Uganda and Tanzania in decision-making organs,^[11] amid disagreements caused by dictatorship under Idi Amin in Uganda, socialism in Tanzania, and capitalism in Kenya,^[12] and the three member states lost over sixty years of co-operation and the benefits of economies of scale. Each of the former member states had to embark, at great expense and at lower efficiency, upon the establishment of services and industries that had previously been provided at the Community level.

Later, Presidents Moi of Kenya, Mwinyi of Tanzania, and Museveni of Uganda signed the Treaty for East African Co-operation in Arusha, Tanzania, on 30 November 1993, and established a Tri-partite Commission for Co-operation. A process of re-integration was embarked on involving tripartite programmes of co-operation in political, economic, social and cultural fields, research and technology, defence, security, legal and judicial affairs.

The East African Community was finally revived on 30 November 1999, when the Treaty for its re-establishment was signed. It came into force on 7 July 2000, twenty-three years after the total collapse of the defunct erstwhile Community and its organs.

Future plans

The new treaty may be fast tracked, with plans drawn up in 2004 to introduce a monetary union with a common currency, the East African shilling, sometime between 2011 and 2015. There are also plans for a common market and a political union, the East African Federation, with a common President (initially on a rotation basis) and a common parliament by 2010. However, some experts like those based out of the public think tank Kenya Institute of Public Policy Research and Analysis (KIPPRA), have noted that the plans are too ambitious to be met by 2010 because a number of political, social and economic challenges are yet to be addressed. The fast tracking is currently the subject of National Consultative discussions, and a final decision will be taken by the EAC Heads of State in mid-2007.^[13]

It had been hoped that an East African Single Tourist Visa may have been ready for November 2006, if it was approved by the relevant sectoral authorities under the EAC's integration programme. If approved the visa will be valid for all three current member states of the EAC (Kenya, Tanzania and Uganda). Under the proposal for the visa, any new East African single visa can be issued by any member state's embassy.

The visa proposal followed an appeal by the tourist boards of the partner states for a common visa to accelerate promotion of the region as a single tourist destination and the EAC Secretariat wanted it approved before November's World Travel Fair (or World Travel Market) in London.^[14] When approved by the East African council of ministers, tourists could apply for one country's entry visa which would then be applicable in all regional member states as a single entry requirement initiative.^[15]

East African Court of Justice

The East African Court of Justice is the judicial arm of the Community. The court has original jurisdiction over the interpretation and application of the 1999 Treaty that re-established the EAC and in the future may have other original, appellate, human rights or other jurisdiction upon conclusion of a protocol to realise such extended jurisdiction. It is temporarily based in Arusha, Tanzania.

East African Legislative Assembly

The East African Legislative Assembly (EALA) is the legislative arm of the Community. The EALA has 27 members who are all elected by the National Assemblies of the member states of the Community. The EALA has oversight functions on all matters that fall within the Community's work and its functions include debating and approving the budget of the Community, discussing all matters pertaining to the Community and making recommendations to the Council as it may deem necessary for the implementation of the Treaty, liaising with National Assemblies on matters pertaining to the Community and establishing committees for such purposes as it deems necessary. Since being inaugurated in 2001, the EALA has had several sittings as a plenum in Arusha, Kampala and Nairobi.

East African passport

The East African passport was officially launched on 1 April 1999.^[16] The East African passport has been introduced as a travel document to ease border crossing for East Africans.^{[17][18]} It is valid for travel within the EAC countries only and will entitle the holder to a multi entry stay of renewable six months' validity in any of the countries.^[17] The passport is issued in all three EAC member states (Kenya, Uganda and Tanzania). The passports are available at the Headquarters of the respective Immigration Departments in Nairobi, Kampala and Dar es Salaam. Only East African nationals may apply to be issued with the passports.^{[17][18]} The passport costs US\$10 or the equivalent in EAC currencies.^[18] Processing of applications for the passports will normally take two to three weeks. Although the passport is only valid within the EAC, modalities of internationalizing the East African passport were being discussed with the aim towards having a common travel document for East Africans by 2006.^[17]

Other measures meant to ease border crossing for East Africans include the issuance of interstate passes (which commenced on 1 July 2003), a single immigration Departure/Entry card (adopted by the all 3 member states), the finalization of harmonized procedures of work permits and the classification process, and the compilation of studies on the Harmonization of Labour Laws and Employment Policies (now in its final stages).^[17]

Internet in East Africa

Internet use in East Africa is still very low compared to developed nations. East Africa is a solid economic block with over 120 million combined population. It is estimated that 10 % of East Africans - 12 million, actively use Internet. The EAC strategy emphasizes economic co-operation and development with a strong focus on social dimension. Most East Africans use internet to check news, read email and for social networking. More recently, there is a number of emerging EAC online platforms that amalgamates East Africa. Internet speed is also low in East Africa compared to developed nations. This is perhaps one of the main hindrance for online growth in East Africa.

There are ambitions to make the East African Community, consisting of Kenya, Tanzania, Uganda, Burundi and Rwanda, a political federation with its own form of binding supranational law by 2010.

Union of South American Nations

The Union of South American Nations is an organisation on the South American continent. It intends to establish a framework akin to the European Union by the end of 2019. It is envisaged to have its own passport and currency, and limit barriers to trade.

Andean Community of Nations

The Andean Community of Nations is the first attempt the countries around the Andes Mountains in South America. It started with the Cartagena Agreement of 26 May 1969, and nowadays consists in four countries: Bolivia, Colombia, Ecuador and Peru. It does have a supranational law, called Agreements, which are mandatory for these countries.

Public international law

Public international law concerns the structure and conduct of sovereign states, analogous entities, such as the Holy See, and intergovernmental organizations. To a lesser degree, international law also may affect multinational corporations and individuals, an impact increasingly evolving beyond domestic legal interpretation and enforcement. Public international law has increased in use and importance vastly over the twentieth century, due to the increase in global trade, armed conflict^[citation needed], environmental deterioration on a worldwide scale, awareness of human rights violations, rapid and vast increases in international transportation and a boom in global communications.

The field of study combines two main branches: the **law of nations** (*jus gentium*) and **international agreements and conventions** (*jus inter gentes*), which have different theoretical foundations and should not be confused.

Public international law should not be confused with "*private international law*", which is concerned with the resolution of conflict of laws. In its most general sense, international law "consists of rules and principles of general application dealing with the conduct of states and of intergovernmental organizations and with their relations *inter se*, as well as with some of their relations with persons, whether natural or juridical."^[1]

Scope

Public international law establishes the framework and the criteria for identifying states as the principal actors in the international legal system. As the existence of a state presupposes control and jurisdiction over territory, international law deals with the acquisition of territory, state immunity and the legal responsibility of states in their conduct with each other. International law is similarly concerned with the treatment of individuals within state boundaries. There is thus a comprehensive regime dealing with group rights, the treatment of aliens, the rights of refugees, international crimes, nationality problems, and human rights generally. It further includes the important functions of the maintenance of international peace and security, arms control, the pacific settlement of disputes and the regulation of the use of force in international relations. Even when the law is not able to stop the outbreak of war, it has developed principles to govern the conduct of hostilities and the treatment of prisoners. International law is also used to govern issues relating to the global environment, the global commons such as international waters and outer space, global communications, and world trade.

Whilst municipal law is hierarchical or vertical in its structure (meaning that a legislature enacts binding legislation), international law is horizontal in nature. This means that all states are sovereign and theoretically equal. As a result of the notion of sovereignty, the value and authority of international law is dependent upon the voluntary participation of states in its formulation, observance, and enforcement. Although there may be exceptions, it is thought by many international academics that most states enter into legal commitments with other states out of enlightened self-interest rather than adherence to a body of law that is higher than their own. As D. W. Greig notes, "international law cannot exist in isolation from the political factors operating in the sphere of international relations".^[2]

Breaches of international law raise difficult questions for lawyers. Since international law has no established compulsory judicial system for the settlement of disputes or a coercive penal system, it is not as straightforward as managing breaches within a domestic legal system. However, there are means by which breaches are brought to the attention of the international community and some means for resolution. For example, there are judicial or quasi-judicial tribunals in international law in certain areas such as trade and human rights. The formation of the United Nations, for example, created a means for the world community to enforce international law upon members that violate its charter through the Security Council.

Traditionally, sovereign states and the Holy See were the sole subjects of international law. With the proliferation of international organizations over the last century, they have in some cases been recognized as relevant parties as well. Recent interpretations of international human rights law, international humanitarian law, and international trade law (e.g., North American Free Trade Agreement (NAFTA) Chapter 11 actions) have been inclusive of corporations, and even of certain individuals.

History

The earliest known treatises on international law was the *Introduction to the Law of Nations* written at the end of the 8th century by Muhammad al-Shaybani^[3] (d. 804), a jurist of the Hanafi school of Islamic law and jurisprudence,^[4] and other Islamic jurists soon followed with a number of treatises written on international law (*Siyar* in

Arabic).^[3] These early Islamic legal treatises covered the application of Islamic ethics, Islamic economic jurisprudence and Islamic military jurisprudence to international law,^[4] and were concerned with a number of international law topics, including the law of treaties; the treatment of diplomats, hostages, refugees and prisoners of war; the right of asylum; conduct on the battlefield; protection of women, children and non-combatant civilians; contracts across the lines of battle; the use of poisonous weapons; and devastation of enemy territory.^[3] The first European treatises on international law was later written by Francisco de Vitoria in the 16th century in Salamanca; Hugo Grotius, in the early 17th century, developed the subject further. He and other European legal scholars may have been influenced by early Islamic international law.^{[3][5]}

Beginning with the Peace of Westphalia in 1648, the 17th, 18th and 19th centuries saw the growth of the concept of the sovereign "nation-state", which consisted of a nation controlled by a centralized system of government. The concept of nationalism became increasingly important as people began to see themselves as citizens of a particular nation with a distinct national identity. Until the mid-19th century, relations between nation-states were dictated by treaty, agreements to behave in a certain way towards another state, unenforceable except by force, and not binding except as matters of honor and faithfulness. But treaties alone became increasingly toothless and wars became increasingly destructive, most markedly towards civilians, and civilized peoples decried their horrors, leading to calls for regulation of the acts of states, especially in times of war.

Perhaps the first instrument of modern public international law was the Lieber Code, passed in 1863 by the Congress of the United States, to govern the conduct of US forces during the United States Civil War and considered to be the first written recitation of the rules and articles of war, adhered to by all civilized nations, the precursor of public international law. Part of the Code follows:

"Military necessity, as understood by modern civilized nations, consists in the necessity of those measures which are indispensable for securing the ends of the war, and which are lawful according to the modern law and usages of war. Military necessity admits of all direct destruction of life or limb of armed enemies, and of other persons whose destruction is incidentally unavoidable in the armed contests of the war; it allows of the capturing of every armed enemy, and every enemy of importance to the hostile government, or of peculiar danger to the captor; it allows of all destruction of property, and obstruction of the ways and channels of traffic, travel, or communication, and of all withholding of sustenance or means of life from the enemy; of the appropriation of whatever an enemy's country affords necessary for the subsistence and safety of the Army, and of such deception as does not involve the breaking of good faith either positively pledged, regarding agreements entered into during the war, or supposed by the modern law of war to exist. (...But...) Men who take up arms against one another in public war do not cease on this account to be moral beings, responsible to one another and to God. Military necessity does not admit of cruelty—that is, the infliction of suffering for the sake of suffering or for revenge, nor of maiming or wounding except in fight, nor of torture to extort confessions. It does not admit of the use of poison in any way, nor of the wanton devastation of a district. It admits of deception, but disclaims acts of perfidy; and, in general, military necessity does not include any act of hostility which makes the return to peace unnecessarily difficult."

This first statement of the previously uncodified rules and articles of war led to the first prosecution for war crimes—in the case of United States prisoners of war held in cruel and depraved conditions at Andersonville, Georgia, in which the Confederate commandant of that camp was tried and hanged, the only Confederate soldier to be punished by death in the aftermath of the entire Civil War.

In the years that followed, other states subscribed to limitations of their conduct, and numerous other treaties and bodies were created to regulate the conduct of states towards one another in terms of these treaties, including, but not limited to, the Permanent Court of Arbitration in 1899; the Hague and Geneva Conventions, the first of which was passed in 1907; the International Court of Justice in 1921; the Genocide Convention; and the International Criminal Court, in the late 1990s. Because international law is a relatively new area of law its development and propriety in applicable areas are often subject to dispute.

Conflicts between public international law and national sovereignty

The conflict between international law and national sovereignty is subject to vigorous debate and dispute in academia, diplomacy, and politics. Certainly, there is a growing trend toward judging a state's domestic actions in the light of international law and standards. Numerous people now view the nation-state as the primary unit of international affairs, and believe that only states may choose to voluntarily enter into commitments under international law, and that they have the right to follow their own counsel when it comes to interpretation of their commitments. Certain scholars and political leaders feel that these modern developments endanger nation states by taking power away from state governments and ceding it to international bodies such as the U.N. and the World Bank, argue that international law has evolved to a point where it exists separately from the mere consent of states, and discern a legislative and judicial process to international law that parallels such processes within domestic law. This especially occurs when states violate or deviate from the expected standards of conduct adhered to by all civilized nations.

A number of states support very narrow interpretations of international law, including the People's Republic of China, the military junta currently holding power in Burma, and the Russian Federation. These states maintain that sovereignty—and thus what some view as the basis of sovereignty, the *ultima ratio regum*, or last argument of kings (force and coercion, by military or other means)—is the only true international law; thus seeing states as having free rein over their own affairs and their affairs in the larger world. Other states oppose this view. One group of opponents of this point of view, including many European nations, maintain that all civilized nations have certain norms of conduct expected of them, including the prohibition of genocide, slavery and the slave trade, wars of aggression, torture, and piracy, and that violation of these universal norms represents a crime, not only against the individual victims, but against humanity as a whole. States and individuals who subscribe to this view opine that, in the case of the individual responsible for violation of international law, he "is become, like the pirate and the slave trader before him, *hostis humani generis*, an enemy of all mankind"^[6], and thus subject to prosecution in a fair trial before any fundamentally just tribunal, through the exercise of universal jurisdiction. Another group believes that states only commit to international law with express consent, whether through treaty or customary law, and have the right to make their own interpretations of its meaning; and that international courts only function with the consent of states.

Though the European democracies tend to support broad, universalistic interpretations of international law, many other democracies have differing views on international law. Several democracies, including India, Israel and the United States, take a flexible, eclectic approach, recognizing aspects of public international law such as territorial rights as universal, regarding other aspects as arising from treaty or custom, and viewing certain aspects as not being subjects of public international law at all. Democracies in the developing world, due to their past colonial histories, often insist on non-interference in their internal affairs, particularly regarding human rights standards or their peculiar institutions, but often strongly support international law at the bilateral and multilateral levels, such as in the United Nations, and especially regarding the use of force, disarmament obligations, and the terms of the UN Charter.

Sources

Public international law has four primary sources: international treaties, custom, general principles of law and judicial decisions and teachings.^[7] International treaty law comprises obligations states expressly and voluntarily accept between themselves in treaties. Customary international law is derived from the consistent practice of States accompanied by *opinio juris*, i.e. the conviction of States that the consistent practice is required by a legal obligation. Judgments of international tribunals as well as scholarly works have traditionally been looked to as persuasive sources for custom in addition to direct evidence of state behavior (and they are also explicitly mentioned as such in Art. 38 of the Statute of the International Court of Justice, as subsidiary means for the determination of rules of law). Attempts to codify customary international law picked up momentum after the Second World War with the formation of the International Law Commission (ILC), under the aegis of the United Nations. Codified customary law is made the binding interpretation of the underlying custom by agreement through treaty. For states not party to such treaties, the work of the ILC may still be accepted as custom applying to those states. General principles of law are those commonly recognized by the major legal systems of the world. Certain norms of international law achieve the binding force of peremptory norms (*jus cogens*) as to include all states with no permissible derogations.

Interpretation

Where there are disputes about the exact meaning and application of national laws, it is the responsibility of the courts to decide what the law means. In international law interpretation is within the domain of the protagonists, but may also be conferred on judicial bodies such as the International Court of Justice, by the terms of the treaties or by consent of the parties. It is generally the responsibility of states to interpret the law for themselves, but the processes of diplomacy and availability of supra-national judicial organs operate routinely to provide assistance to that end. Insofar as treaties are concerned, the Vienna Convention on the Law of Treaties writes on the topic of interpretation that:

"A treaty shall be interpreted in good faith in accordance with the ordinary meaning to be given to the terms of the treaty in their context and in the light of its object and purpose." (article 31(1))

This is actually a compromise between three different theories of interpretation:

- The textual approach, a restrictive interpretation, which bases itself on the "ordinary meaning" of the text; that approach assigns considerable weight to the actual text.
- The subjective approach, which takes into consideration i. the idea behind the treaty, ii. treaties "in their context", and iii. what the writers intended when they wrote the text.
- A third approach, which bases itself on interpretation "in the light of its object and purpose", i.e. the interpretation that best suits the goal of the treaty, also called "effective interpretation".

These are general rules of interpretation; specific rules might exist in specific areas of international law.

Enforcement

Since international law exists in a legal environment without an overarching "sovereign" (i.e., an external power able and willing to compel compliance with international norms), "enforcement" of international law is very different than in the domestic context. In many cases, enforcement takes on Coasian characteristics, where the norm is self-enforcing. In other cases, defection from the norm can pose a real risk, particularly if the international environment is changing. When this happens, and if enough states (or enough powerful states) continually ignore a particular aspect of international law, the norm may actually change according to concepts of customary international law. For example, prior to World War I, unrestricted submarine warfare was considered a violation of international law and ostensibly the *casus belli* for the United States' declaration of war against Germany. By World War II, however, the practice was so widespread that during the Nuremberg trials, the charges against German Admiral Karl Dönitz for ordering unrestricted submarine warfare were dropped, notwithstanding that the activity constituted a clear violation of the Second London Naval Treaty of 1936.

Enforcement by states

Apart from a state's natural inclination to uphold certain norms, the force of international law comes from the pressure that states put upon one another to behave consistently and to honor their obligations. As with any system of law, many violations of international law obligations are overlooked. If addressed, it is almost always purely through diplomacy and the consequences upon an offending state's reputation. Though violations may be common in fact, states try to avoid the appearance of having disregarded international obligations. States may also unilaterally adopt sanctions against one another such as the severance of economic or diplomatic ties, or through reciprocal action. In some cases, domestic courts may render judgment against a foreign state (the realm of private international law) for an injury, though this is a complicated area of law where international law intersects with domestic law.

It is implicit in the Westphalian system of nation-states, and explicitly recognized under Article 51 of the Charter of the United Nations, that all states have the inherent right to individual and collective self-defense if an armed attack occurs against them. Article 51 of the UN Charter guarantees the right of states to defend themselves until (and unless) the Security Council takes measures to keep the peace.

Enforcement by international bodies

Violations of the UN Charter by members of the United Nations may be raised by the aggrieved state in the General Assembly for debate. The General Assembly cannot make binding resolutions, only 'recommendations', but through its adoption of the "Uniting for Peace" resolution (A/RES/377 A), of 3 November 1950, the Assembly declared that it has the power to authorize the use of force, under the terms of the UN Charter, in cases of breaches of the peace or acts of aggression, provided that the Security Council, owing to the negative vote of a permanent member, fails to act to address the situation. The Assembly also declared, by its adoption of resolution 377 A, that it could call for other collective measures—such as economic and diplomatic sanctions—in situations constituting the milder "threat to the Peace".

The Uniting for Peace resolution was initiated by the United States in 1950, shortly after the outbreak of the Korean War, as a means of circumventing possible future Soviet vetoes in the Security Council. The legal significance of the resolution is unclear, given that the General Assembly cannot issue binding resolutions. However, it was never argued by the "Joint Seven-Powers" that put forward the draft resolution,^[8] during the corresponding discussions, that it in any way afforded the Assembly new powers. Instead, they argued that the resolution simply declared what the Assembly's powers already were, according to the UN Charter, in the case of a dead-locked Security Council.^{[9][10][11][12]} The Soviet Union was the only permanent member of the Security Council to vote against the Charter interpretations that were made law by the Assembly's adoption of resolution 377 A.

Alleged violations of the Charter can also be raised by states in the Security Council. The Security Council could subsequently pass resolutions under Chapter VI of the UN Charter to recommend the "Pacific Resolution of Disputes." Such resolutions are not binding under international law, though they usually are expressive of the Council's convictions. In rare cases, the Security Council can adopt resolutions under Chapter VII of the UN Charter, related to "threats to Peace, Breaches of the Peace and Acts of Aggression," which are legally binding under international law, and can be followed up with economic sanctions, military action, and similar uses of force through the auspices of the United Nations.

It has been argued that resolutions passed outside of Chapter VII can also be binding; the legal basis for that is the Council's broad powers under Article 24(2), which states that "in discharging these duties (exercise of primary responsibility in international peace and security), it shall act in accordance with the Purposes and Principles of the United Nations". The mandatory nature of such resolutions was upheld by the International Court of Justice (ICJ) in its advisory opinion on Namibia. The binding nature of such resolutions can be deduced from an interpretation of their language and intent.

States can also, upon mutual consent, submit disputes for arbitration by the International Court of Justice, located in The Hague, Netherlands. The judgments given by the Court in these cases are binding, although it possesses no means to enforce its rulings. The Court may give an advisory opinion on any legal question at the request of whatever body may be authorized by or in accordance with the Charter of the United Nations to make such a request. Some of the advisory cases brought before the court have been controversial with respect to the court's competence and jurisdiction.

Often enormously complicated matters, ICJ cases (of which there have been less than 150 since the court was created from the Permanent Court of International

Justice in 1945) can stretch on for years and generally involve thousands of pages of pleadings, evidence, and the world's leading specialist public international lawyers. As of June 2009, there are 15 cases pending at the ICJ. Decisions made through other means of arbitration may be binding or non-binding depending on the nature of the arbitration agreement, whereas decisions resulting from contentious cases argued before the ICJ are always binding on the involved states.

Though states (or increasingly, international organizations) are usually the only ones with standing to address a violation of international law, some treaties, such as the International Covenant on Civil and Political Rights have an optional protocol that allows individuals who have had their rights violated by member states to petition the international Human Rights Committee.

International legal theory

International legal theory comprises a variety of theoretical and methodological approaches used to explain and analyse the content, formation and effectiveness of public international law and institutions and to suggest improvements. Some approaches center on the question of compliance: why states follow international norms in the absence of a coercitive power that ensures compliance. Other approaches focus on the problem of the formation of international rules: why states voluntarily adopt international law norms, that limit their freedom of action, in the absence of a world legislature; while other perspectives are policy oriented: they elaborate theoretical frameworks and instruments to criticize the existing norms and to make suggestions on how to improve them. Some of these approaches are based on domestic legal theory, some are interdisciplinary, and others have been developed expressly to analyse international law. Classical approaches to International legal theory are the Natural law, the Eclectic and the Legal positivism schools of thought.

Natural law

The natural law approach argues that international norms should be based on axiomatic truths. 16th century natural law writer, Francisco de Vitoria, a professor of theology at the University of Salamanca, examined the questions of the just war, the Spanish authority in the Americas, and the rights of the Native American peoples.

Eclectic or Grotian school

In 1625 Hugo Grotius argued that nations as well as persons ought to be governed by universal principle based on morality and divine justice while the relations among polities ought to be governed by the law of peoples, the *jus gentium*, established by the consent of the community of nations on the basis of the principle of *pacta sunt servanda*, that is, on the basis of the observance of commitments. On his part, Emmerich de Vattel argued instead for the equality of states as articulated by 18th century natural law and suggested that the law of nations was composed of custom and law on the one hand, and natural law on the other. During the 17th century, the basic tenets of the Grotian or eclectic school, especially the doctrines of legal equality, territorial sovereignty, and independence of states, became the fundamental principles of the European political and legal system and were enshrined in the 1648 Peace of Westphalia.

Legal positivism

The early positivist school emphasized the importance of custom and treaties as sources of international law. 16th century Alberico Gentili used historical examples to posit that positive law (*jus voluntarium*) was determined by general consent. Cornelius van Bynkershoek asserted that the bases of international law were customs and treaties commonly consented to by various states, while John Jacob Moser emphasized the importance of state practice in international law. The positivism school narrowed the range of international practice that might qualify as law, favouring rationality over morality and ethics. The 1815 Congress of Vienna marked the formal recognition of the political and international legal system based on the conditions of Europe.

Modern legal positivists consider international law as a unified system of rules that emanates from the states' will. International law, as it is, is an "objective" reality that needs to be distinguished from law "as it should be." Classic positivism demands rigorous tests for legal validity and it deems irrelevant all extralegal arguments.^[13]

Conflict of laws

Conflict of laws is an institution of international law and intranational interstate law that regulates all lawsuits involving a "foreign" law element where different judgments will result depending on which jurisdiction's laws are applied as the *lex causae*.

In *civil law systems*, private international law is a branch of the internal legal system dealing with the determination of which state law is applicable to situations crossing over the borders of one particular state and involving a "foreign element" (*élément d'extranéité*), (collisions of law, conflict of laws). *Lato sensu* (at large) it also includes international civil procedure and international commercial arbitration (collisions of jurisdiction, conflict of jurisdictions), as well as citizenship law (which strictly speaking is part of public law).

In *common law systems*, conflict of laws, firstly, is concerned with determining whether the proposed forum has jurisdiction to adjudicate and is the appropriate venue for dealing with the dispute, and, secondly, with determining which of the competing state's laws are to be applied to resolve the dispute. It also deals with the enforcement of foreign judgments.

There are two major streams of legal thought on the nature of conflict of laws. One group of researchers regard Conflict of Laws as a part of international law, claiming that its norms are uniform, universal and obligatory for all states. This stream of legal thought in Conflict of Laws is called "universalism". Other researchers maintain the view that each State creates its own unique norms of Conflict of Laws pursuing its own policy. This theory is called "particularism" in Conflict of Laws.

Private international law is divided on two major areas:

- Private international law "sensu stricto" (narrow sense) comprising conflict of laws rules which determine the law of which country (state) is applicable to specific relations.
- Private international law "sensu lato" (broader sense) which comprises private international law "sensu stricto" (conflict of laws rules) and material legal norms which have direct extraterritorial character and are imperatively applied (material norms of law crossing the borders of State) - usually regulations on real property, consumer law, currency control regulations, insurance and banking regulations.

Terminology

Its three different names – *conflict of laws*, *private international law*, and *international private law* – are generally interchangeable, although none of them is wholly accurate or properly descriptive. The term *conflict of laws* is primarily used in jurisdictions of the Common Law legal tradition, such as in the United States, England, Canada, and Australia. *Private international law* (*droit international privé*) is used in France, as well as in Italy, Greece, and the Spanish and Portuguese speaking countries. *International private law* (*internationales Privatrecht*) is used in Germany and other German-speaking countries.

Within the federal systems where legal conflicts among federal states require resolution, as in the United States, the term *conflict of laws* is preferred simply because such cases do not involve an international issue. Hence, *conflict of laws* is a general term to refer to disparities among laws, regardless of whether the relevant legal systems are international or inter-state. The term, however, can be misleading when it refers to *resolution of conflicts* between competing systems rather than "conflict" itself. The term *conflict of laws* is usually used by common law countries, while for civil law countries the term *private international law* is more appropriate. The term *private international law* was coined by American lawyer and judge Joseph Story, but was abandoned subsequently by common law scholars and embraced by civil law lawyers.

History

The first instances of conflict of laws in the Western legal tradition can be traced to Greek law. Ancient Greeks dealt straightforwardly with multistate problems, and did not create choice-of-law rules. Leading solutions varied between the creation of courts for international cases, or application of local law, on the grounds that it was equally available to citizens of all states.^[1]

More significant developments can be traced to Roman law. Roman civil law (*jus civile*) being inapplicable to non-citizens, special tribunals had jurisdiction to deal with multistate cases. The officers of these specialized tribunals were known as the praetor peregrini. The Praetor peregrini did not select a jurisdiction whose rules of law should apply. Instead, they "applied" the "jus gentium." The jus gentium was a flexible and loosely-defined body of law based on international norms. Thus the praetor peregrini essentially created new substantive law for each case.^[2] Today, this is called a "substantive" solution to the choice-of-law issue.

An early private international law was established in classical Islamic law and jurisprudence as a result of the vast Muslim conquests and maritime explorations during the early Middle Ages giving rise to various conflicts of laws. A will, for example, was "not enforced even if its provisions accorded with Islamic law if it violated the law of the testator." Islamic jurists also developed elaborate rules for private international law regarding issues such as contracts and property, family relations and child custody, legal procedure and jurisdiction, religious conversion, and the return of aliens to an enemy country from the Muslim world. The religious laws and courts of other religions, including Christianity, Judaism and Hinduism, were also usually accommodated in classical Islamic law, as exemplified in Islamic Spain, Islamic India, and the Ottoman Empire.^[3]

The modern conflict of laws is generally considered to have begun in Northern Italy during the late Middle Ages and in particular at trading cities such as Genoa, Pisa and Venice. The need to adjudicate issues involving commercial transactions

between traders belonging to different cities led to the development of the theory of *statuta*, whereby certain city laws would be considered as *statuta personalia* "following" the person whereby it may act, and other city laws would be considered as *statuta realia*, resulting in application of the law of the city where e.g. the *res* would be located (cf. *lex rei sitae*).

Maritime law was also a great driver of international legal rules; providing for the enforcement of contracts, the protection of shipwrecked sailors and property, and the maintaining of harbours.^[4]

The modern field of conflicts emerged in the United States during the 19th century with the publishing of Joseph Story's treatise on the Conflict of Laws in 1834. Story's work had a great influence on the subsequent development of the field in England such as those written by A.V. Dicey. Much of the English law then became the basis for conflict of laws for most commonwealth countries.

However, in the U.S., Story's work fell out of fashion in the mid-20th century. Traditional conflict of law rules were widely perceived as too rigid and unresponsive to the needs of a highly mobile society undergoing the Second Industrial Revolution. They were replaced with a number of approaches, of which the most important is the governmental interests analysis pioneered by law professor Brainerd Currie in a landmark series of essays. As a result of Currie's work, the rules for conflict of laws in the United States have diverged significantly from the rules in use at the international level.

The stages in a conflict case

1. The court must first decide whether it has jurisdiction and, if so, whether it is the appropriate venue given the problem of forum shopping.
2. The next step is the characterisation of the cause of action into its component legal categories which may sometimes involve an incidental question (also note the distinction between procedural and substantive laws).
3. Each legal category has one or more choice of law rules to determine which of the competing laws should be applied to each issue. A key element in this may be the rules on *renvoi*.
4. Once the applicable law is decided, that law must be proved before the forum court and applied to reach a judgment.
5. The successful party must then enforce the judgment which will first involve the task of securing cross-border recognition of the judgment.

In those states with an underdeveloped set of Conflict rules, decisions on jurisdiction tend to be made on an *ad hoc* basis, with such choice of law rules as have been developed embedded into each subject area of private law and tending to favour the application of the *lex fori* or local law. In states with a more mature system, the set of Conflict rules stands apart from the local private civil law and adopts a more international point of view both in its terminology and concepts. For example, in the European Union, all major jurisdictional matters are regulated under the Brussels Regime, e.g. the rule of *lis alibi pendens* from Brussels 1 Regulation applies in the Member States and its interpretation is controlled by the European Court of Justice rather than by local courts. That and other elements of the Conflict rules are produced supranationally and implemented by treaty or convention. Because these rules are directly connected with aspects of sovereignty and the extraterritorial application of laws in the courts of the signatory states, they take on a flavour of public rather than private law because each state is compromising the usual

expectations of their own citizens that they will have access to their local courts, and that local laws will apply in those local courts. Such aspects of public policy have direct constitutional significance whether applied in the European context or in federated nations such as the United States, Canada, and Australia where the courts have to contend not only with jurisdiction and law conflicts between the constituent states or territories, but also as between state and federal courts, and as between constituent states and relevant laws from other states outside the federation.

Choice of law rules

Courts faced with a choice of law issue have a two-stage process:

1. the court will apply the law of the forum (*lex fori*) to all procedural matters (including, self-evidently, the choice of law rules); and
2. it counts the factors that connect or link the legal issues to the laws of potentially relevant states and applies the laws that have the greatest connection, e.g. the law of nationality (*lex patriae*) or domicile (*lex domicilii*) will define legal status and capacity, the law of the state in which land is situated (*lex situs*) will be applied to determine all questions of title, the law of the place where a transaction physically takes place or of the occurrence that gave rise to the litigation (*lex loci actus*) will often be the controlling law selected when the matter is substantive, but the proper law has become a more common choice.

For example, suppose that Alexandre who has a French nationality and residence in Germany, corresponds with Bob who has American nationality, domicile in Arizona, and residence in Austria, over the internet. They agree to the joint purchase of land in Switzerland, currently owned by Heidi who is a Swiss national, but they never physically meet, executing initial contract documents by using fax machines, followed by a postal exchange of hard copies. Alexandre pays his share of the deposit but, before the transaction is completed, Bob admits that although he has capacity to buy land under his *lex domicilii* and the law of his residence, he is too young to own land under Swiss law. The rules to determine which courts would have jurisdiction and which laws would be applied to each aspect of the case are defined in each state's laws so, in theory, no matter which court in which country actually accepts the case, the outcome will be the same (albeit that the measure of damages might differ from country to country which is why forum shopping is such a problem). In reality, however, moves to harmonise the conflictual system have not reached the point where standardisation of outcome can be guaranteed.

Conflict of law rules in matrimonial cases

In divorce cases, when a court is attempting to distribute marital property, if the divorcing couple is local and the property is local, then the court applies its domestic law *lex fori*. The case becomes much more complicated if foreign elements are thrown into the mix, such as when the place of marriage is different from the territory where divorce was filed; when the parties' nationalities and residences do not match; when there is property in a foreign jurisdiction; or when the parties have changed residence several times during the marriage. Each time a spouse invokes the application of foreign law, the process of divorce slows down, as the parties are directed to brief the issue of conflict of laws and provide translations of the foreign laws.

Different jurisdictions follow different sets of rules. Before embarking on a conflict of law analysis, the court must determine whether a property agreement governs the relationship between the parties. The property agreement must satisfy all formalities required in the country where enforcement is sought.

Whereas commercial agreements or prenuptial agreements generally do not require legal formalities to be observed, when married couples enter a property agreement, stringent requirements are imposed, including notarization, witnesses, special acknowledgment forms. In some countries, these must be filed (or docketed) with a domestic court, and the terms must be "so ordered" by a judge. This is done in order to ensure that no undue influence or oppression has been exerted by one spouse against the other. Upon presenting a property agreement between spouses to a court of divorce, that court will generally assure itself of the following factors: signatures, legal formalities, intent, later intent, free will, lack of oppression, reasonableness and fairness, consideration, performance, reliance, later repudiation in writing or by conduct, and whichever other concepts of contractual bargaining apply in the context.

In the absence of a valid and enforceable agreement, here's how the conflict of law rules work:

- Movable v. Real Estate - In general, applicable matrimonial law depends on the nature of the property. *Lex situs* is applied to immovable property (i.e., real estate), and the law of matrimonial domicile applies to movable property, provided there has been no subsequent change in the spouses' domicile.
- Full Mutability Doctrine - property relations between spouses are governed by their latest domicile, whether acquired before or after the marriage.^[5] This is also the norm in England, except for a few cases where severe injustice results from a harsh application. In those cases, the court also examines whether newly acquired property can be traced back to property owned before the change.
- Immutability Doctrine - the original personal law of the parties at the time of marriage continues to govern all property including subsequently acquired property, regardless of a later change in domicile or nationality. This is the Continental approach in France, Germany and Belgium. Also, with certain reservations, see Art. 7 of the 1976 Hague Convention on Marriage and Matrimonial Property Regimes. Also in Israel: "property relations between spouses shall be governed by the law of their domicile at the time of the solemnisation of the marriage, provided that they may by agreement determine and vary such relations in accordance with the law of their domicile at the time of making the agreement".^[6] Note that the Israeli application of the Immutability Doctrine does not distinguish between personal and real property. Both are subject to the law of domicile at marriage.
- Partial Mutability or Mutability of New Acquisition - this is the American approach to conflicts of law in matrimonial property division cases. All movable property acquired during the marriage is subject to the parties' domicile law at the time of acquisition, and not that of the original or intermediate domicile. What was acquired before the marriage is governed by the law of the parties' domicile at the time of marriage. Thus, if rights vested in a property when and where it was purchased, it would not be adversely affected by a later change of domicile.

- Lex Fori - In many cases, courts simply avoid this complicated and expensive analysis by applying their local law to the parties' entire property, even if there is a foreign element. This is based on the assumption that laws around the world are basically similar in their treatment of marriage as a co-partnership. Since the partnership can be placed in the forum, the forum's law applies to all its aspects.

Note that Lex Fori also applies to all procedural relief (as opposed to substantive relief). Thus, issues such as the ability to grant pre-trial relief, procedure and form, as well as statutes of limitations are classified as "procedure" and are always subject to domestic law where the divorce case is pending.

Pre-dispute provisions

Many contracts and other forms of legally binding agreement include a jurisdiction or arbitration clause specifying the parties' choice of venue for any litigation (called a forum selection clause). Then, choice of law clauses may specify which laws the court or tribunal should apply to each aspect of the dispute. This matches the substantive policy of freedom of contract. Judges have accepted that the principle of party autonomy allows the parties to select the law most appropriate to their transaction. Obviously, this judicial acceptance of subjective intent excludes the traditional reliance on objective connecting factors, but it does work well in practice.

The status of foreign law

Generally, when the court is to apply a foreign law, it must be proved by foreign law experts. It cannot merely be pleaded, as the court has no expertise in the laws of foreign countries nor in how they might be applied in a foreign court. Such foreign law may be considered no more than evidence, rather than law because of the issue of sovereignty. If the local court is actually giving extraterritorial effect to a foreign law, it is less than sovereign and so acting in a way that is potentially unconstitutional. The theoretical responses to this issue are:

- (a) that each court has an inherent jurisdiction to apply the laws of another country where it is necessary to achieving a just outcome; or
- (b) that the local court creates a right in its own laws to match that available under the foreign law. This explanation is sustainable because, even in states which apply a system of binding legal precedents, any precedent emerging from a conflicts case can only apply to future conflicts cases. There will be no ratio decidendi that binds future litigants in entirely local cases.
- (c) that the national court, when applying a foreign law, does not give an extraterritorial effect but recognizes, through its own "conflict of laws rule", that the situation at hand falls under the scope of application of the foreign rule. In order to understand this argument one must first define the notion of extraterritorial application of a rule. This notion is susceptible to two distinct meanings:

On the one hand, this notion is used to describe the situation where a local court applies a rule other than the *Lex fori* (local law).

On the other hand, it could mean that the rule is being applied to a factual situation that occurred beyond the territory of its state of origin. As an example of this situation, one can think of an American court applying British tort statutes and case law to a car accident that took place in London where both the driver and the victim are British citizens but the lawsuit was brought in before the American courts because the driver's insurer is American. One can then argue that since the factual situation is within the British territory, where an American judge applies the English

Law, he does not give an extraterritorial application to the foreign rule. In fact, one can also argue that the American judge, had he applied American Law, would be doing so in an extraterritorial fashion.

Once the *lex causae* has been selected, it will be respected except when it appears to contravene an overriding mandatory rule of the *lex fori*. Each judge is the guardian of his own principles of *ordre public* (public order) and the parties cannot, by their own act, oust the fundamental principles of the local municipal law which generally underpin areas such as labour law, insurance, competition regulation, agency rules, embargoes, import-export regulations, and securities exchange regulations. Furthermore, the *lex fori* will prevail in cases where an application of the *lex causae* would otherwise result in a fundamentally immoral outcome, or give extraterritorial effect to confiscatory or other territorially limited laws.

In some countries, there is occasional evidence of parochialism when courts have determined that if the foreign law cannot be proved to a "satisfactory standard", then local law may be applied. In the United Kingdom, in the absence of evidence being led, the foreign law is presumed to be the same as the *lex fori*. Similarly, judges might assume in default of express evidence to the contrary that the place where the cause of action arose would provide certain basic protections, e.g. that the foreign court would provide a remedy to someone who was injured due to the negligence of another. Finally, some American courts have held that local law will be applied if the injury occurred in an "uncivilized place that has no law or legal system."^[7]

If the case has been submitted to arbitration rather than a national court, say because of a forum selection clause, an arbitrator may decide not to apply local mandatory policies in the face of a choice of law by the parties if this would defeat their commercial objectives. However, the arbitral award may be challenged in the country where it was made or where enforcement is sought by one of the parties on the ground that the relevant *ordre public* should have been applied. If the *lex loci arbitri* has been ignored, but there was no real and substantial connection between the place of arbitration and the agreement made by the parties, a court in which enforcement is sought may well accept the tribunal's decision. But if the appeal is to the courts in the state where the arbitration was held, the judge cannot ignore the mandatory provisions of the *lex fori*.

Harmonisation

To apply one national legal system as against another may never be an entirely satisfactory approach. The parties' interests may always be better protected by applying a law conceived with international realities in mind. The Hague Conference on Private International Law is a treaty organisation that oversees conventions designed to develop a uniform system. The deliberations of the conference have recently been the subject of controversy over the extent of cross-border jurisdiction on electronic commerce and defamation issues. There is a general recognition that there is a need for an international law of contracts: for example, many nations have ratified the *Vienna Convention on the International Sale of Goods*, the *Rome Convention on the Law Applicable to Contractual Obligations* offers less specialised uniformity, and there is support for the *UNIDROIT Principles of International Commercial Contracts*, a private restatement, all of which represent continuing efforts to produce international standards as the internet and other technologies encourage ever more interstate commerce. But other branches of the law are less well served and the dominant trend remains the role of the forum law rather than a

supranational system for Conflict purposes. Even the EU, which has institutions capable of creating uniform rules with direct effect, has failed to produce a universal system for the common market. Nevertheless, the Treaty of Amsterdam does confer authority on the Community's institutions to legislate by Council Regulation in this area with supranational effect. Article 177 would give the Court of Justice jurisdiction to interpret and apply their principles so, if the political will arises, uniformity may gradually emerge in letter. Whether the domestic courts of the Member States would be consistent in applying those letters is speculative.

Supranational law

Supranational law is a form of international law, based on the limitation of the rights of sovereign nations between one another. It is distinguished from public international law, which involves the United Nations, the Geneva conventions, or the Law of the Sea, because in supranational law, nations explicitly submit their right to make judicial decisions to a set of common institutions.

Supranational theory

Supranationalism can be contrasted to intergovernmentalism as a form of decision making, and is worthy of study. Speaking in relation to Europe, Joseph H. H. Weiler, in his seminal work "The Dual Character of Supranationalism" states that there are two main concerns to European supranationalism. These are:

- Normative Supranationalism: The Relationships and hierarchy which exist between Community policies and legal measures on one hand and the competing policies and legal measures of the Member states on the other. (The Executive Dimension)
- Decisional Supranationalism: The institutional framework and decision making by which such measures are initiated, debated, formulated, promulgated and finally executed. (The Legislative-Judicial Dimension)

In many ways the split sees the separation of powers confined to merely two branches.

European Union law

European Community law' is the first and only example of a supranational legal framework. In the EC, sovereign nations have pooled their authority through a system of courts and political institutions. They have the ability to enforce legal norms against and for member states and citizens, in a way that public international law does not. According to the European Court of Justice in the early case, 26/62, of *NW Algemene Transporten Expeditie Onderneming van Gend en Loos v Nederlandse Admniistratie der Belastingen* [1963] ECR 1, (often known as just *Van Gend en Loos*) it constitutes "a new legal order of international law":

"The Community constitutes a new legal order of international law for the benefit of which the states have limited their sovereign rights, albeit within limited fields, and the subjects of which comprise not only member states but also their nationals. Independently of the legislation of member states, community law therefore not only imposes obligations on individuals but is also intended to confer upon them rights which become part of their legal heritage. These rights arise not only where they are

expressly granted by the treaty, but also by reason of obligations which the treaty imposes in a clearly defined way upon individuals as well as upon the member states and upon the institutions of the community."^[1]

International community

The **international community** is a vague term used in international relations to refer to all the governments of the world or to a group of them. The term is used to imply the existence of common duties and obligations between them, frequently in the context of calls for the respect of human rights and for action to be taken against repressive regimes.

States may sometimes refer to "the will of the international community" to strengthen their own point of view. It is sometimes claimed that powerful countries and groups of countries use the term to describe organisations in which they play a predominant role, regardless of the opinion of other nations. For example, the Kosovo War was described as an action of the "international community"^[citation needed] even though it was undertaken by NATO^[citation needed], which represented under ten percent of the world's population during the Kosovo War.

For example, the term is used by some Western leaders when criticising Iran for its nuclear ambitions by saying that "Iran is defying the will of the international community by continuing uranium enrichment". The league of non-aligned nations (122 countries out of 193 states recognised by the United Nations) has in fact backed Iran's right to enrich uranium

From a **broader view**, an individual anywhere in the world, who is interested in international issues could be considered a member of International Community (IC)

You may do a private study As you prepare for the lectures

1. International Courts And tribunals
2. Customary international law and the law of the sea
3. Treaties in international law (with extended treatment of human rights treaties)
4. National Courts and international law – national jurisdiction
5. Immunity and Act of State in national courts and Use of force

NB; remember to read the constitution of your respective countries and the Acts because this is where most of the questions will come from.

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| Course Name : Computer Theory and Applications |
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Course Description

The Course deals with the introduction, background and significance of computers, computer hardware and software, networking and the internet, the various computer devices and their applications such as operating systems, input/output devices etc, to students. The Course explains some practical applications such as Ms Word, Ms excel, Power point and their presentation and browsing the internet. It provides prior knowledge to computer language program which can be helpful at further stages of Computer studies.

Course objectives

- To help students attain basic knowledge of the computer
- To help students to become familiar with the use of internet and browse the World Wide Web through routine practice.
- To enable students develop foundational skills for information technology.

Course content

Introduction to computers

- Information management
- Why were office systems less beneficial than computerized systems
- Why computers are better than people
- Limitations of computers
- Effects of office automation on business
- Definition of computers
- Characteristics of computers
- Types of computers

Hard ware concepts

- The processor and its elements
- Manual input devices that include keyboard, web camera, the monitor, mouse
- Automatic input devices that include modems, magnetic ink character recognition, optical mark reading, magnetic stripe cards
- Output devices that include VDU, speakers, printers,
- Storage devices that include; hard disks, floppy disks, Flash disks, tape storage

Networks and data communications

- Configurations that include; centralized, decentralized and distributed processing as well as key features of distributed processing
- Networks that include: Local Area Network(LANs), Wide Area Networks(WANs),Metropolitan Area Network(MAN), storage Area Networks
- Client-server computing
- Data communication that include; oral, paper and electronic data communication
- Data transmission equipment that include; coaxial cables, modems, multiplexers

Software Concepts

- Definition of software
- Operating system

- Functions of an operating system
- Windows, MS-DOS, features of windows 95, features of windows 98
- Application software and packages
- Examples of word processing programs
- Spread sheets
- Examples of spread sheets

Personal Information Managers (PIM)

- Importance of PIM
- Examples of PIMs
- Integrated packages
- Utility programs
- Viruses
- Types of viruses and how they are transmitted

Programming Languages

- Low level language i.e Machine code, assembly
- High level language
- Advantages of high-level languages over low-level language

Assessment

Course work 40%

Exams 60%

Total Mark 100%

CHAPTER ONE

1:0 ATTRIBUTES TO INFORMATION

Everything that we do, either in our personal life or as part of the activities of work depends on information. Therefore, information is a key resource for success of most of the companies and organisations.

Information refers to facts or knowledge about something, which could be important for decision-making.

1:1 INFORMATION MANAGEMENT

Like any other resource, i.e. machines, money, etc. Information must be controlled and organised. It should be managed (collected, organised and controlled). Information management is accomplished by the factors considered below:

i) Identifying current and future information needs

Information is always needed for current decisions e.g. current sales performance, and any likely future changes e.g. need for future expansion.

ii) Identifying Information Sources

In order to make good decisions, the information used must be collected from proper sources e.g. if the company sales are affected by weather, then reliable information about weather should be collected from Meteorological Department.

iii) Collecting the Information

Some information may easily be collected using any simple means, but other information may only be got after using wise tactics or a series of procedures e.g. a profit for the month, or year.

iv) Storing the Information

Information collected should always be stored securely and accessibly to enable future use and reference.

v) Ensuring that information is communicated to the right person who needs it

Always information should only be communicated to people who need it and kept away from those who don't deserve it.

1:2 DEFINITIONS

Data

These are the raw materials for information. Any thing that the computer can work with, either numbers of any kind, texts, facts, etc.

Information

This refers to processed data. Items that have been re-arranged so as to give the user a meaning, which could be vital for decision-making.

Qualities of good information

Good information has a number of specific qualities for which accurate is a useful mnemonic (symbol).

Accurate

Information should obviously be accurate because using incorrect information could have serious and damaging consequences.

Consistency

Especially in accountancy, information should always be consistent e.g. if the March report of slow paying students is prepared on the basis that slow paying students are those who have not paid within 60 days, but the August report considers students who have not paid within 30 days, then is not valid to compare the two reports.

Clarity

The information should always be clear to the user. If the user can't understand the information, then he certainly can't use it properly.

Reliability

Information must be trusted by the managers who are expected to use it. An information source may therefore play a great role here.

Communication

Information should always be communicated to the right person.

Channel of communication

Depending on the type of information being communicated and to person(s) for whom it is intended, a proper channel should always be used.

Volume and brevity

Information should be brief, so long as this does not mean that it is incomplete or inaccurate. Huge volumes of information may be hard to absorb even if all of it is relevant.

Timing

Information should always be delivered in time, as information delivered shortly after a decision is already taken is always useless however relevant and accurate it is.

Cost

The benefits to be achieved from the information should out way the costs involved in obtaining and communicating it to the people concerned. This may either be in the short or long run.

Question:

What is information? What are the main qualities of good information?

1:3 TECHNOLOGY FOR INFORMATION

Information handling and processing in offices has been made easy due to enormous development in office machines and computers.

However on the other hand the manual systems exist along side computerised systems.

Why manual office systems are less beneficial than computerised systems.

- ◆ Labour productivity is usually lower, particularly in routine and operational applications.
- ◆ Processing is slower where large volumes of data need to be dealt with.
- ◆ Risks of errors are greater, especially in repetitive work like payroll calculations.
- ◆ Information is generally less accessible.
- ◆ It is difficult to make corrections or alterations.
- ◆ Quality of output is less consistent and not as high as well-designed computer output.

Why computers are better than people

- ◆ For storing information
- ◆ It's more accurate than humans
- ◆ It works faster than humans
- ◆ Its automatic i.e. carries out many operations without human input
- ◆ It is diligent i.e. works for long hours without getting tired
- ◆ It's used for entertainment
- ◆ It's used for communication e.g. email, Internet

- ◆ It's used for data base management i.e handling large volumes of information (data)
- ◆ It's used for computations

LIMITATIONS OF COMPUTERS

- ◆ Less flexible than humans
- ◆ Have to be explicitly "told" what to do
- ◆ If an unanticipated situation arises, PCs can produce erroneous results
- ◆ Have no potential to work out a solution

1:4 OFFICE AUTOMATION

This is majorly composed of word processing, spreadsheets, databases, telephone and fax (facsimile) and networks.

Effects of office automation on businesses

Office automation has an enormous effect on business in a variety of ways:

◆ Routine processing

The processing of routine data can be done in bigger volumes, at greater speed and with greater accuracy than with non-automated - manual system.

◆ The paperless office

There might be less paper in the office (but not necessarily so) with more data processing done by keyboard. Data storage done electronically other than using papers.

◆ Management information

This is likely to change both in nature and quality, as more information will easily be available and accessible, through information analysis done easily and so on.

◆ Organisation structure

This may change, as the PCs are likely to be locally controlled in an office or branch, creating a shift to decentralisation.

◆ Customer Service

This can improve especially if the customers can call an organisation and the feedback the staff give to callers is from the organisation's on-line data base.

1:5 HOME WORKING

Advances in communication technology have, for some tasks, reduced the need for the actual presence of an individual in the office. This is particularly time for tasks involving computers.

The advantages of home working for an organisation involve the following:

a) Cost saving on space

Rental charges are a little high and if some employees can do their work from home, then this will reduce on the space occupied and thus the rental fees.

b) A larger pool of labour

More applicants are expected especially for clerical positions, especially from people who are committed elsewhere and office time tables may collide.

c) Freelance employees

This category of employees will be good for the organisation as there will be no sick pay, holiday pays and salaries especially when there is no sufficient work.

The advantages to the individual

- ◆ No time wasted commuting to the office.
- ◆ The work can be organised flexibly around the individual's domestic commitments.
- ◆ Jobs that require concentration may sometimes be done better at home without the office disruptions.

Disadvantages

To the Organisation

The major disadvantages to the organisation are normally lack of control as managers will have no close supervision of the workers.

To the Individual

◆ Isolation

If just forced to work from home, this may cause barriers to social life experienced in offices.

◆ Intrusions

A home worker is vulnerable to home interruptions e.g. a kid or members of the family who may forget that the individual is home working.

◆ Adequate Space

It may not be always possible to obtain a quiet space at home in which to work.

- ◆ Freelance home workers normally have fewer rights compared to office stationed workers.

Question:

Today home working is booming in employment sector, what do you think has led to this and what advantages does the organisation get from this kind of trend?

1:6 IT AND ACCOUNTING (ACCOUNTING PACKAGES)

Years back, accounting records were only prepared manually, developments in information recording technology has however advanced and now the same accounting records can be made using computers e.g. ledgers, trial balances,

profit and loss accounts, balance sheets, etc. The only difference is that these various books of accounts have TO be count invisible and can only be called out.

The advantages of accounting packages compared with a manual system are as follows:

- ◆ Non-specialists can use the packages.
- ◆ A large amount of data can be processed very quickly.
- ◆ Computerised systems are more accurate than manual.
- ◆ Double entry is automatic

If you enter the details of an invoice the system automatically updates the sales account, the VAT account, the debtor's ledger control account and the memorandum of sales ledger account. There is no need to enter the information four times.

- ◆ Integration; all ledgers and records can be linked up.
- ◆ Easy information analysis in terms of trial balance or a debtors' schedule.

Disadvantages

The advantages of computerised accounting systems far outweigh the disadvantages, particularly for large businesses. However, the following may be identified as possible disadvantages.

- ◆ The initial time and costs the system, training personnel and so on.
- ◆ The need for security checks to make sure that unauthorised personnel do not gain access to data files.
- ◆ The necessity to develop a system of coding and checking.

- ◆ Lack of audit trail. It is not always easy to see where a mistake has been made.
- ◆ Possible resistance on the part of staff to the introduction of the system.

Types of accounting packages

The most widely used packages are as follows:

Small business (1-10 people)

- ◆ Sage Line 100 or Line 50
- ◆ Quick books
- ◆ Tas books

Small to medium (10-30 people)

- ◆ Sage Sovereign
- ◆ Pegasus opera
- ◆ Exact
- ◆ Multisoft prestige

Medium - sized businesses (30-200 people)

- ◆ Sun-accounts
- ◆ Tetra chameleon
- ◆ Scala
- ◆ Dynamics

Large business (200 - 2000 people)

- ◆ Coda
- ◆ JBA

Very large businesses

- ◆ SAP
- ◆ Oracle
- ◆ Dun & Brad Street

CHAPTER TWO HARD WARE CONCEPTS

2:0 INTRODUCTION

Under this chapter, we shall look at the following:

- ◆ Computer components
- ◆ Characteristics of a computer
- ◆ The Processor
- ◆ Other peripherals
- ◆ Manual input devices
- ◆ Automatic input devices
- ◆ Output devices
- ◆ Storage devices

2:1 COMPUTER COMPONENTS

Hardware – these are the physical parts of the computer e.g the mouse, monitor, and keyboard

Software – these are the invisible components of the computer. They are the programs and instructions, which run the computer

User- should be trained personnel

2:2 COMPUTERS

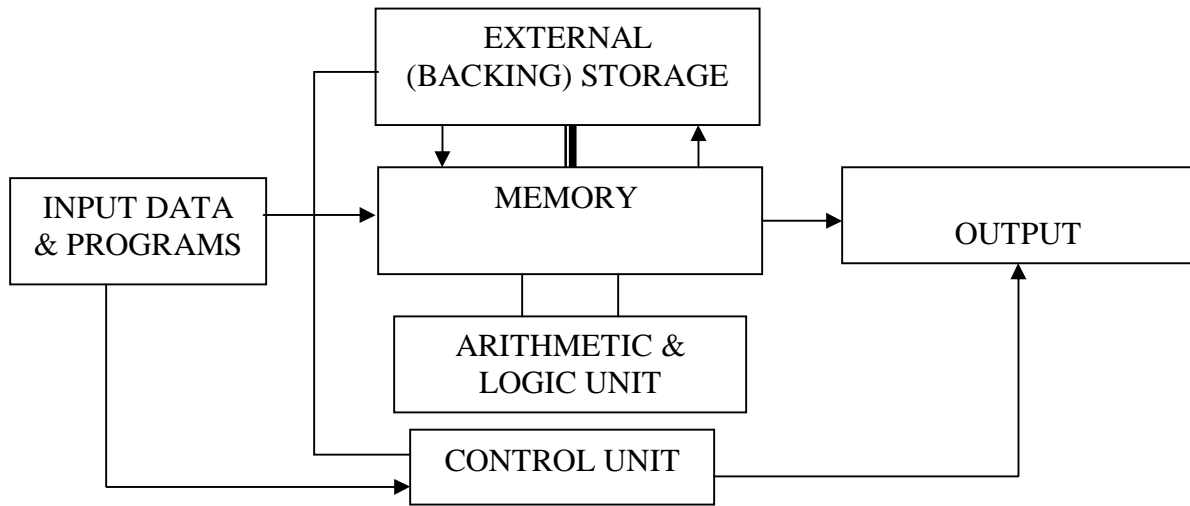
Definition:

A computer is a device, which will accept input data, process it according to programmed logical and arithmetic rules, store and out put the results. A computer is therefore a mixture of physical things like keyboards, mice, screens, circuits and cables (hard ware) and intangible arithmetic and logic (software). Hardware means, the various physical components (tangible) as opposed to the non-tangible software elements.

CHARACTERISTICS OF COMPUTERS (Assignment)

- ◆ Machine
- ◆ Processing
- ◆ Versatile- performs multiple functions easily
- ◆ Electronic
- ◆ Automation
- ◆ Storage- stores a lot of information in a very small space

- ◆ Accuracy
- ◆ Compatibility
- ◆ Consistency



Types of Computers

These are categorised by size and output

By Output

- i) Digital
- ii) Analogue

By Size

- i) Super computers
- ii) Main frame computers (at times called enterprise servers)
- iii) Mini computers, now often called mid-range computers
- iv) Micro-computers, now commonly called PCs.

We shall group (iii) and (iv) as 'Small business computers'.

Super Computers

A super computer is used to process very large amounts of data very quickly. They are particularly useful for occasions where high volumes of calculations need to be performed, for example in meteorological or astronomical applications.

Main frames

A main frame computer system is one that has at its heart a very powerful central computer, linked by cable or telecommunications to hundreds or thousands of terminals, and capable of accepting simultaneous input from all of them.

- ◆ Other characteristics include:
- ◆ Has centralised service departments
- ◆ Handles multi-level output
- ◆ Very high processing speed
- ◆ Have disk drives like magnetic tapes

- ◆ Very large size therefore handles big tasks and can support many users
- ◆ Stores vast amount of data
- ◆ Industrial use
- ◆ Expensive but slightly smaller than super computers
- ◆ Support services for data preparation, control and programming

Medium and small business computers

Mini computers

A mini computer is a computer whose size, speed and capabilities lie some where between those of a main frame and a PC.

Characteristics

- ◆ Smaller than mainframe computers
- ◆ Have smaller storage capacity and are slower
- ◆ Linked to other computer workstations
- ◆ Handles multi-level output
- ◆ Are large in size
- ◆ Disk drives include tape drives
- ◆ Environmental control is not necessary
- ◆ Limited output and input peripherals

Personal Computers

The 'personal computers' (or 'micro computers') are the most common computers available in most of the businesses and even in homes.

Characteristics

- ◆ Small for personal use.
- ◆ Low output
- ◆ Operated in desks
- ◆ Most common computers in business
- ◆ Handles relatively big tasks
- ◆ Have fairly good processing speed
- ◆ Have limited input and output devices
- ◆ Compilers and interpreters are permanently stored in hardware as ROM
- ◆ They are often linked together in a network to enable sharing of information between users.

File servers

A file server is more powerful than the average desktop PC and it is dedicated to providing additional services for users of networked PCs.

A very big net work may use a 'main frame' as its server, and indeed main frames are beginning to be refereed to as 'enterprise servers'.

Portables

The original portable computers were heavy, weighing around five kilograms, and could only run from the mains electricity supply. Subsequent developments allow true portability.

i) The Laptop. Powered either from the electricity supply or using a rechargeable battery. It uses 3½" disks, CD - ROMS, liquid crystal or gas plasma screen and is fully compatible with desktop PCs.

ii) The notebook is about the size of an A4 pad of paper. Some portables are now marketed as 'sub-note books'.

iii) The pocket computer or hand held, may or may not be compatible with a true PC.

Much as PCs (portables) may be very popular because of their easy way of transportation and occupation of smaller space in offices, they have some draw backs;

i) Key board ergonomics

The keys are too small, or too close together for easy, quick typing.

ii) Battery power

They normally don't last for long periods.

A typical PC specification may involve the following:

◆ Intel 233 mhz pentium 11 processor 33.6 kbps internal fax modem.

◆ 64 MB FAST EDO RAM (expandable to 512 MB)

◆ 6.4GB hard disk drive, 15" SVGA colour monitor LR, NI up to 1024 x 768 energy star compliant.

Advantages

◆ Easy to transport

◆ Occupy small spaces in offices

2:3 THE PROCESSOR

The processor is the 'brain' of the computer.

Definition

A processor is the collection of circuitry and registers that performs the processing in a particular computer and provides that computer with its specific characteristics.

The processor (sometimes referred to as central processing unit (or CPU) is divided into three areas.

◆ The Arithmetic and Logic Unit, (ALU)

◆ The Control Unit,

◆ The Main Store or Memory (RAM & ROM)

In modern computer systems the processing unit may have all its elements - arithmetic and logic unit, control unit and the input/output interfall on a single 'chip'.

Definition

A chip is a small piece of silicon upon which is etched an integrated circuit, which consists of transistors and their interconnecting patterns on an extremely small scale.

The chip is mounted on a carrier unit which is 'plugged' on to a circuit board called the mother board with other chips, each within their own functions such as sound (a 'sound card') and video (a 'video card').

Arithmetic and Logic Unit (ALU)

The ALU is the part of central processor where the arithmetic and logic operations are carried out. These include arithmetic (e.g. adding and multiplying) and logical functions such as comparison, movement of data, etc.

Control Unit

The control unit receives program instructions, one at a time, from the main store and decodes them.

- ◆ It then sends out control signals to the peripheral devices.
- ◆ Registers are paths that connect the ALU to the main memory
- ◆ Data buses are wires connecting the micro processor to the memory through which data flows
- ◆ An address is a pattern of channels that identify a unique storage location
- ◆ Toner is an electronically charged dry ink substance used in printers

Memory

The computer processing is normally much faster if the computer has the information it needs readily to hand.

The computer's memory is also known as main store, internal store or immediate access storage. The memory will hold the following.

- i) Programs, the control unit cuts on program instructions that are held in the store; these program instructions include the operating systems.
- ii) Some input data. A small area of internal store is needed to take in temporarily the data that will be processed next.
- iii) A working area. The computer will need an area of store to hold data that is currently being processed or is used for processing other data.
- iv) Some output data. A small area of store is needed to hold temporarily the data or information that is ready for output to an output device.

Each individual storage element in the computer's memory consists of a simple circuit which can be switched on or off. These two states can be conveniently expressed by the numbers 1 and 0 respectively.

Each 1 or 0 is a bit.

Bits are grouped together in groups of eight to form bytes.

A byte may be used to represent a character for example, a letter, a number, or any other symbol. The characters formed can be grouped together to form words or figures, etc.

Since a byte has 8 bits, there are 2^8 , or 256, different combinations of 1s and 0s, which is sufficient to cover numeric digits, upper and lower case alphabets, punctuation marks and other symbols.

The processing capacity of a computer is in part dictated by the capacity of its memory. Capacity is calculated in kilo bytes (1kb = 2^{10} (1024)), (megabytes = 2^{20} bytes), and gigabytes (2^{30}) or Kb, Mb and Gb.

Port

This is a socket in the CPU into which peripherals can be connected

Expansion Slot

These are access slots to where computer cards can be fixed on a CPU during upgrading

Types of Memory

There are basically two types of memory i.e. RAM and ROM.

RAM: (Random Access Memory)

This is the memory that is directly available to the processing unit. It holds the data and programs in current use. Data can be written on to or read from Random Access Memory.

RAM is 'volatile'. This means that the contents of the memory are erased when the computer's power is switched off.

Memory Cache

Primary cache

This is a small capacity but extremely fast memory chip which save a second copy of the pieces of data most recently read from or written to main memory. When the cache is full, older entries are 'flushed out' to make room for new ones. Primary cache is often part of the same chip as the CPU.

Secondary cache

This is a larger, slower cache between the primary cache and the main memory.

The principal here is that if a piece of data is accessed once it is highly likely that it will be accessed again soon after words, and so keeping it readily to hand will speed up processing.

ROM (Read Only Memory)

This is a memory chip into which fixed data is written permanently at the time of its manufacture. New data cannot be written into the memory, and so the data on the memory is unchangeable and irremovable.

ROM is 'non-volatile' memory, which means that its contents do not disappear when the computer, power source is switched off.

A computer's start-up program, known as a 'boot strap' program, is always held in a form of a ROM. 'Booting up' means running this program.

When you turn on a PC you will usually see a reference to BIOS (Basic Input/Output System). This is part of the ROM chip containing all the programs needed to control the key board, screen disk drives and so on.

2:4 OTHER PERIPHERALS

◆ Uninterrupted Power Supply (UPS)

It stabilises the power thus enabling the user to save his/her work before the power supply is completely terminated. Hence it's called a stabiliser.

2:5 MANUAL INPUT DEVICES

These are input devices, which are quite labour - intensive. They include the following:

Keyboard

This is a board of keys, which includes the alphabet, numbers (0-9) and some basic punctuation, together with other keys. It is used to enter data into the computer's main memory. It resembles a typewriter except for some keys like the function keys (F1, F2 etc), control keys, alter keys, escape keys etc. It mainly has three parts:

- ◆ The alphabetical keypad – these include letter keys A-Z
- ◆ The functional keypad – (F1-F12)
- ◆ The numeric keypad - (0-9)

There are 2 types of keyboards:

| Standard Keyboard | Enhanced Keyboard |
|---|--|
| ◆ Older style | ◆ Latest style and most common |
| ◆ Has 10 function keys on the left hand side of the keyboard | ◆ Has 12 function keys at the top of the keyboard |
| ◆ Cursor keypad is on the right and is used for numeric entry | ◆ Has shift, control and alt keys on both sides of the space bar |

The Function Keys

F1 – is used for help

F2 – is used for page setup/programming

F3 – is used for page break down or break up

F4 – is used for moving a group of words from one position to the other

F5 – is used for password

F6 – is used to replace a word

F7 – is used for exiting/closing the screen

F8 – is used for sizing the appearance of the screen

F9 – is used for envelope set up

F11 – is used for highlighting the appearance of the screen

Other Keys

Caps lock- is used for writing capital letters

Shift keys- used to obtain the uppercase character of a button

Enter Key – used for creating spaces between lines. They also move the cursor to the next line. It also executes commands

Back space key – is used to erase letter by letter at any cursor point. A cursor is a blinking feature that indicates a point of insertion i.e the point where the next character will appear

Space bar – it creates space between words

Delete key – it deletes error at cursor point

Insert key – it is used to insert a missing letter in a group of words

Home keys – it is used to take the cursor back home

End key- it takes the cursor either at the end of the line or end of the document

Page up/down – takes the cursor at the upper or down page

Tab key – it is used for making paragraphs

Arrow keys – are used for moving through the document

/ Forward slash

\ Back slash

: Full colon

* Asterisk

. Period

; Semicolon

? Query

, comma

Web Camera

It enables the user to take photographs and view the other person online

The VDU (Visual Display Unit) – the Monitor

This can be used in conjunction with a keyboard to display text to allow the operator to carry out a visual check on what she has keyed in.

It can also be used to give messages to the operator, and the operator can respond to messages by keying in new instructions. The monitor gives a soft copy of the data held by the computer.

It's both an input and output device.

Types of VDUs

◆ Coloured screens which display information in various colours

◆ Monochrome screens which display in black and white

◆ Graphic screens which display information in graphs

Mouse

This is often used in conjunction with a keyboard, particularly in windows - based systems. It may be used in place of a keyboard. It's used with windows programs to provide additional flexibility to the user

Even joysticks and track balls may also be used as the mice.

Parts of a mouse

- ◆ Left- for clicking
- ◆ Right- for popping
- ◆ Middle- moving up and down the document

2:6 AUTOMATIC INPUT DEVICES

These include the following:

Modems

When the modem converts analogue signals to digital signals during data transmission, is said to be an input device.

Magnetic ink character recognition (MICR)

MICR is the recognition by a machine of special formatted characters printed in magnetic ink. This is done using ink, which contains metallic powder and special typewriters.

Optical character recognition and scanners

OCR is a method of input involving a machine that is able to read characters by optical detection of the shape of those characters. Optical (or laser) scanners can read printed documents by recognising the characters, convert them into machine code and record them.

The advantage of OCR over MICR is that the OCR can read any ordinary typed or printed text provided the quality of the input document is satisfactory.

The disadvantage however, evolves around the distinction between O and 0, then 1 and l which is a bit hard.

Optical Mark Reading (OMR)

This is normally used for numeric characters. Values are denoted by a line or cross in an appropriate box, whose position represents a value, on a pre-printed source document (or card). The card or sheet is then read by a device which senses the mark in each box and translates it into machine code.

An example would be a multiple choice question paper.

Bar Coding and Electronic Point of Sale (EPOS)

A bar code reader is a device, which reads bar codes, which are groups of marks which, by their spacing and thickness, indicate specific codes or values. Normally used in super markets.

EPOS devices use bar coding and act both as cash registers and as terminals connected to a main computer.

This enables the computer to produce useful management information such as;

- ◆ Sales details and analysis
- ◆ Stock control information

And all this very quickly

Magnetic Stripe Cards

These can be used at the door entrances where the card is passed over the reader which senses the information to the computer to open the door if the holder of the card is supposed to enter. They are also used in banks by Automated Teller Machines (ATM).

Voice recognition

A computer software has been developed that can convert speech into computer sensible form. The input device needed here is Microphone. The available software currently require the user to speak very slowly, dictating one word at a time - but this all can at best be 90% accurate.

Question

- a) What is the major distinction between ROM and RAM.
- b) Briefly describe 8 (eight) input devices to computers.

2:7 OUTPUT DEVICES

These are devices that communicate the results of processing from the computer to the user. This could be a process or just an instruction. They include the following:

Visual Display Unit (VDU)

As output devices, these can usually be used where there is no requirement for a permanent output and when the volume of the output is small. E.g. in cases of a single enquiry or current balance on account.

Speakers

These tend to output audio stored information e.g. at the airport, the computer through loud speakers may pass announcements to passengers, or you can listen to your favourite music from the computer using its speakers, etc.

Modem

This acts as an output device when the digital signals are converted into analogue signals so as to be transmitted over a telephone line.

Printers

This is a device that prints texts, graphics or images on paper producing hard copy (hard copy refers to a document on the paper as distinct from that one of the screen).

Classification of Printers

Printers can be classified as:

- ◆ Impact printers
- ◆ Non- impact printers

IMPACT PRINTERS

These mechanically strike the paper during the printing. The print elements i.e. hammer, ribbon and ink strike the paper to deposit the characters on it after relieving signals from the computer's central processing unit. Impact printers are comparatively noisy and slow.

Examples include:

Dot matrix printer- the characters it prints consist of series of dots arranged in a pattern to form the characters.

Daisy wheel – The printing mechanism involves a wheel on which available characters are located. In the course of printing, the wheel rotates as it impacts the required characters onto the paper.

NON - IMPACT PRINTERS

Here with these printers, the paper is not mechanically struck, but the printing is quickly done with the print elements like laser beams, heat, ink to produce hard copies.

Examples of these include:

Laser printers, Inkjet printers, Epson printers etc.

Differences between impact and non impact printers

- ◆ Non-impact printers are fast compared to the slow impact printers.
- ◆ Impact printers use inked ribbons yet non-impact printers use thermo or electrostatic principles.
- ◆ Impact printers are cheap yet non-impact printers are expensive due to the technology used to make them.

- ◆ Impact printers are generally noisy while non-impact printers are quite quiet.

Another classification of printers would be based on single print output i.e., character, and line or page printers.

Character printers print character-by-character - hence comparatively slow.

Line printers print an entire line at a time - hence comparatively fast and more expensive than character printers but less costly than page printers.

Page printers print the whole page at a go thus the fastest and most expensive printers.

A character can be, a number, letter, symbol, etc.

Plotters

These are devices that produce hard copy of complex drawings such as graphs, engineering, drawings, maps, curves, etc.

2:8 STORAGE DEVICES

These are items/devices that can be used to store Data or Information for subsequent use. They include the following:-

Disks

This is a device that aids in reading and writing information to and from a secondary storage device. They are the predominant form of backing storage medium nowadays because they offer direct access to data, an extremely important feature.

Data is held on a number of circular, concentric tracks on the surfaces of the disk, and is read or written by rotating the disk past read/write heads, which can write data from the CPU's memory on to disk, or can read data from the disk for input to the CPU's memory. The mechanism that causes the disk to rotate is called a disk drive.

The Disk Drive

This is the media where computer programme files reside e.g. hard disk, floppy disk, CD-Roms, magnetic tapes etc

Hard disks

A modern business PC invariably has an internal storage medium, but external disks may be used too. Everything stored by a user on the computer is stored on the hard disk. Internal storage medium. Stores most computer applications. Capacity usually 100MB. Designed with letters – C to S. Hard disks are metallic storage device on which data and information are magnetically stored on round metallic platters. Hard disk of different storage capacities are available e.g. those of 40 MB, 2GB, 4GB, 10GB, etc.

There are also removable disk packs which can be used for back-ups, mass storage or for moving files between computers.

Examples include;

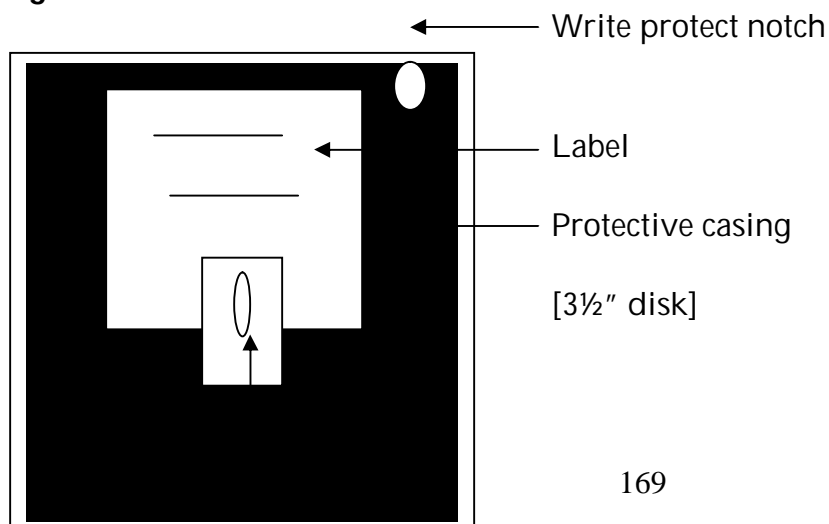
- ◆ IDE (Integrated Drive Electronics)
- ◆ Zip drive
- ◆ Jaz drive, etc.

Floppy disks

Computer data or information can be stored externally on floppy disks.

A floppy is a flat circular plastic platter held permanently in a plastic case. A normal average floppy disk is about 3½". This can hold up to 1.44 Mb of data.

Diagram



Precautions for storing floppy diskettes

- ◆ Keep away from Magnetic fields
- ◆ Keep away from Excessive heat
- ◆ Keep away from Moisture
- ◆ Keep away from dust
- ◆ Avoid throwing about
- ◆ Write protect to combat viruses

Differences between floppy disks and hard disks

- ◆ Floppies are flexible yet hard disks are permanently fixed though a few of them (hard disks) can be moved.
- ◆ Floppies are plastic yet hard disks are metallic.
- ◆ Hard disks store more information than floppies
- ◆ Floppies have lower reading capacity than hard disks.

Compact Disk-Read Only Memory (CD-Rom) Drives

External storage medium. Storage capacity is more than the floppy disk, hard drive. Designed with letters D to E

Flash Disks

More storage capacity than CDs. Holds about 178 floppy disks or 120 MB. Has high data transfer speed and compatible to operating systems like Windows XP. 2000

Tape Storage

Tape cartridge is another but now less commonly used storage device. It is not any different from audio or video cassette tape except that some are larger than normal audio cassettes.

Like any audio or video cassette, data has to be recorded along the length of the computer tape and so it is more difficult to access. It is not usually possible to read from and then write on to a single piece of tape. Reading and writing are separate operations using separate heads and so two drives are necessary for the two operations. Tape store more data than floppies. Fast tapes which can be used to create a back-up file quickly are known as tape streamers.

File update on tape storage facility is in a such way that, the changes are made on the current tape and get recorded on a completely new tape. This means that every time a change or update is to be made a completely new tape is made from the previous tape containing the most recent updates. This is what we call the grandfather - father - son relationship.

Its main advantages as far as data back-up is concerned is that should the son get lost or messed up in any way, then the most recently updated tape, before the son, i.e. father is obtained and changes that occurred since the production of the son are done to the father to come up with another sons - replacing the lost one.

CD-ROMS (Compact Disk - Read Only Memory)

These are small silvery disks that are read by the CD-ROM drive using a laser. They are called read-only because you can't change the data on them. Your computer can only read and copy the data on them.

Most software these days are purchased on CD ROM, CD ROMs have massive libraries of data, vast collection of stereo sound chips, high colour graphics all of which take up a lot of storage space.

DVDs (Digital Video Disks) ROM

These are almost like CD-ROMs only that DVDs have more storage capacity (5 GB) with excellent access speeds, internet - based technologies which promise three - dimensional worlds, CD-quality sound and video.

Question

- a) Of what advantage are the external storage systems.
- b) Briefly describe 4 (four) external devices you know.

CHAPTER THREE

NETWORKS AND DATA COMMUNICATIONS

3:0 Introduction

Under this Chapter we shall look at the following;

- ◆ Configuration
- ◆ LANS, WANS, MAN and client-server computing
- ◆ Data communication

3:1 CONFIGURATIONS

The term configuration refers to the way in which computers are linked together.

- ◆ At one extreme an organisation may have just a single 'stand-alone' computer that can only be used by one person at a time.
- ◆ At another extreme, an organisation may have hundreds or thousands of computers, all able to be used simultaneously and to communicate with each other.

Centralised Processing

Centralised processing means having all the data/information processing done in a central place such as a computer centre at head office. Data will be collected at 'remote' (i.e. geographically separate) offices and other locations and sent in to the central location.

At the central location there will be:

- ◆ A central computer, probably a large main frame
- ◆ Central files, containing all the files needed for the system.

Decentralised Processing

Decentralised processing means having the data/information processing carried out at several different locations, away from the 'centre' or 'head office'. Each region, department or office will have its own processing systems, and so:

- ◆ There will be several different and unconnected computers in the various offices;
- ◆ Each computer will operate with its own programs and its own files.

Multi-user and distributed systems

In practice, information systems do not have to be entirely centralised or entirely decentralised, and a suitable mixture of centralisation and decentralisation is now normally used.

i) Local offices can have their own local systems, perhaps on PC, and also input some data to a centralised processing system.

ii) Computer systems can be networked, and there might be:

- ◆ A multi-user system; or
- ◆ A 'distributed' data processing system

Multi-user Systems

With a multi-user system there is a central computer with a number of terminals connected to it. The terminals are dumb terminals, which means that they do not include a CPU and so cannot do independent data processing.

A dumb terminal is that terminal which has no capacity for data processing.

Note:

An intelligent terminal however, is that terminal that can carry out data processing on its own without relying on the central computer.

◆ The terminals in a multi-user system might be sited in the same room or building as the central computer, or may be geographically distant from the central computer, connected by an external data link.

Definition

Remote Access

This describes access to a central computer installation from a terminal, which is physically distant.

Remote Job Entry

This is used to describe a method of processing in which the computer user inputs his data to the computer from a remote terminal.

Distributed Processing

A distributed system is a combination of processing hardware located at a central place, e.g. a main frame computer with other, usually smaller computers located at various sites within the organisation.

The central and dispersed computers are linked by a communication network.

A typical system might consist of a mainframe computer, linked to local mini-computers, linked to desktop PCs as intelligent terminals (see NB above), and to a range of peripheral equipment.

Key features of distributed processing include:

- a) Computers distributed or spread over a wide geographical area.
- b) A computer can access the information files of other computers in the system.
- c) The ability for computers within the system to process data 'jointly' or 'interactively'.
- d) Processing is either carried out centrally, or at dispersed locations.
- e) Files are held either centrally, or at dispersed locations.
- f) Authority is decentralised as processing can be performed autonomously by local computers.
- g) End- users of computing facilities are given responsibility for, and control over their own data.

3:2 NET WORKS

A network is an interconnected collection of autonomous processors. With a network there is no single central computer.

There are two main types of network, a local area network (LAN) and a wide area network (WAN). The key idea of a network is that users need equal access to resources such as data, but they do not necessarily have to have equal computing power.

LANs, WANs and client-server computing.

LANs (Local Area Networks)

Definitions:

A LAN is a network of computers located in a single building or on a single site. The parts of the network are linked by computer cable rather than via telecommunications lines.

WANs (Wide Area Network)

These are networks on a number of sites, perhaps on a wide geographical scale. WANs often use mini computers or main frames as the 'pump's that keep the data messages circulating; where as shorter-distance LANs normally use PCs for this task.

Differences between WANs and LANs

- 1. A WAN covers a greater geographical area unlike a LAN usually limited to a single building or site.
- 2. WANs will send larger computers as file servers.
- 3. WANs will send data over telecommunication links while LAN will use a cable.
- 4. WANs are normally larger than LANs and have more terminals linked to the network.

5. A 'WAN' can link two or more LANs using gateways.

Metropolitan Area Network (MAN)

This connects computers in a municipality

Storage Area Network (SAN)

These are computers connected by use of unique characters e.g. passwords

Definition

A gateway is a device that is used to connect two networks of a similar type.

Client - server Computing

As the name suggests, client server computing describes the relationship between the devices in the network.

Client

A client is a machine which requests a service e.g. a PC running a Spreadsheet programme which it requests from a storage machine (the sever).

A server on the other hand, is a machine dedicated to providing a particular function or service requested by client. Servers include; files servers, print services e-mail and fax servers.

Types of file servers:

Low end file server

This is used in a network of about six people or users running a couple of software applications and a database.

Mid range file server

This might support 20 to 30 users.

High end file server

Is used in a large dependent network of about 50-100 users, handling transactions, processing and an accounting system.

Network Operating System

This is a set of programmes responsible for the smooth running of a network.

When computers and other devices are linked/connected to form a network, they won't have the characteristics of networked computers (like sharing of data) unless the network operating system is installed.

It has the following functions;

- ◆ It establishes the link between the nodes of the network.
- ◆ It monitors the operations of a network.
- ◆ It controls the recovery process when the system or part of it breaks down.

Examples of network operating systems include:-

Novell network, Windows NT, UNiX, etc.

Advantages of Client Server Computing

1. Greater resilience

Processing is spread over several computers. So client server systems are more resilient. Should one computer/server breakdown; other locations can carry on the processing.

2. Sharing programmes and data files

This can be shared by all the PCs on the network. With stand alone PCs, each will have its own data files and might be unnecessary duplication of data.

3. Sharing of data

Each PC in a network can do the same work, providing flexibility in sharing workloads. In a peak period, two or more people can share the work without having to leave their own desks.

4. Sharing peripherals

In some cases, say LAN, five PCs might share a single on-line printer where as if there were a stand alone PC, each might be given its own separate printer. Computer sharing of peripherals is significantly of benefit especially where resources are scarce or expensive.

5. Compatibility

Client-server systems are more likely than centralised systems to have windows interfaces, making it easier to move information between applications e.g. spreadsheets and accounting programs.

Disadvantages of client-server computing

Main frames are better than client-server computing at dealing with large volumes of transactions.

It is easier to control and maintain a system centrally. Client-server computing does not favour data security compared to centralised systems.

Each location may need its own expert network administrator to keep things running smoothly. This creates unnecessary duplication of skills and over manning.

3:3 NETWORK TOPOLOGY

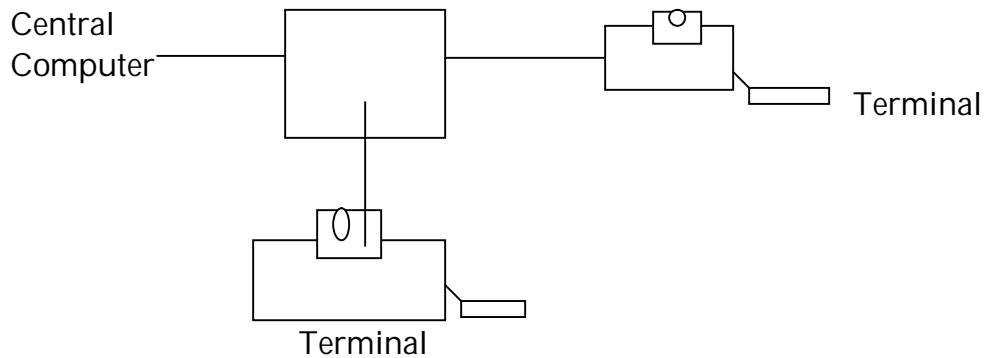
This means the physical arrangement of nodes in a network.

A node

This is any device connected to a network. It can be a computer, or a peripheral device such as a printer.

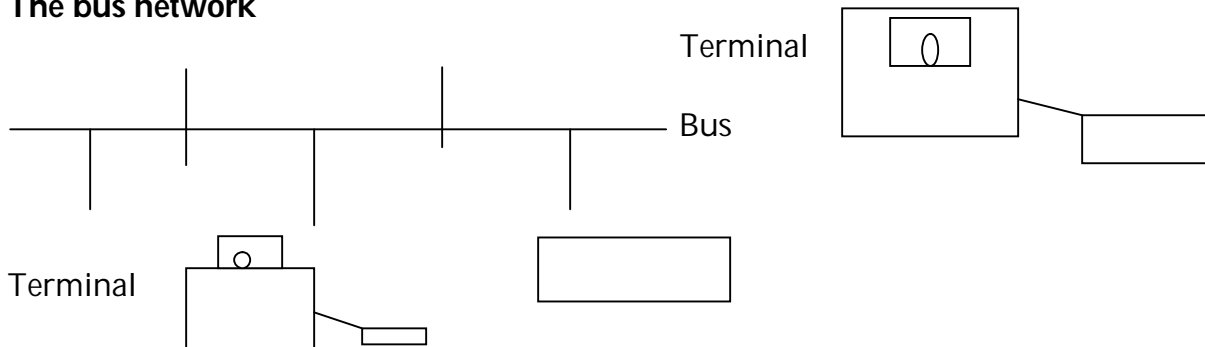
There are several LAN topologies including; the ring network, star network, bus network and Hierarchical network.

Star Network



A number of small computers or peripheral devices are linked to a central unit. The central unit may be a host computer or a file server. A host computer is a large centralised computer, usually a mini computer or a main frame. This topology is common for linking several micro computers to a main frame.

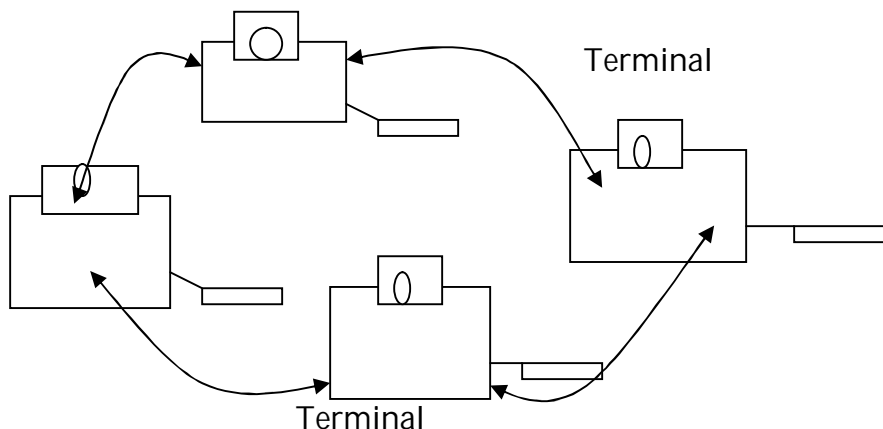
The bus network



In the bus network, each device handles its own communication control. There is usually no host computer or file server. A file server is a large capacity hard disk storage device and it basically stores data and programs.

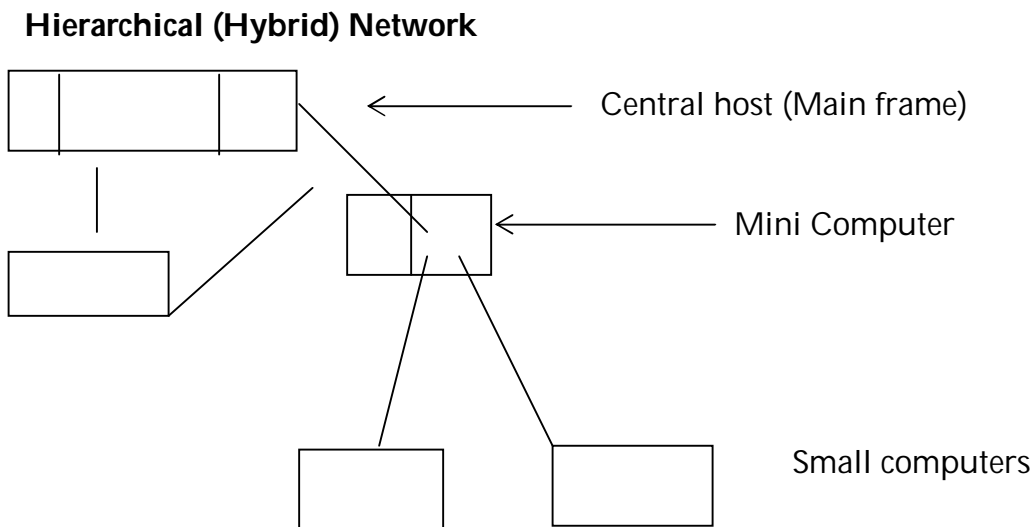
All communication in a bus network travel along a common cable called a bus. As it passes along the bus, the information is examined by each device on the network to see if its intended for it. This topology is suitable where a few micro computer are to be linked.

The Ring Network



Each node is connected to two (2) others forming a ring.

Messages are passed around the ring until they reach the correct destinations. This is the least frequently used topology.



A hierarchical network consists of several computers linked to a central host computer just like a star network. However, these other computers are also hosts to other smaller computers or peripheral devices.

The host at the top of the hierarchy could be mainframe computers, then the last level micro computers.

This topology is useful in centralised processing in organisations e.g. different departments within an organisation may have individual micro computers connected to departmental mini computers, the mini computers in turn may be connected to the organisation's main frame which contains data and programmes accessible to all.

3:4 DATA COMMUNICATION

There are three methods of data communication:

1. Oral communication
2. Paper communication
3. Electronic data communication

Oral Communication

This may occur in a face-to-face situation or by telephone.

It may involve one calling the other on phone asking for particular information, which may be given verbally on the phone.

Paper Communication

Paper-based communication involves the use of internal memoranda, computer print outs and monthly accounting reports.

E.g. copies of despatch notes raised might be sent to the relevant department to be physically matched with customer's order, so that invoices can be raised.

This method means that there is a permanent 'hard copy' record of each transaction. This method may be cheaper than electronic communication, as data communications links do not need to be set up.

The disadvantages are that there may be delay in the delivery of information, particularly between sites. Also the necessity for data transcription increases the risk of error.

Electronic communication

Here information is exchanged via computers, enhancing the amount and quality of information communicated.

Details of despatches of goods from stock might be automatically passed to the sales ledger or accounting sub-system by the warehousing or stock control sub-system so that invoices can be processed.

Advantages of Electronic Communication

Speed is guaranteed since the transmission is almost instant.

Accuracy is always good since there is some kind of automation.

This method eliminates much of human processing.

Data Transmission Equipment

a) Coaxial Cables

A coaxial cable consists of one central conductor, which is surrounded with an insulator and then with the other conductor. In this way, the outer conductor prevents interference from reaching the inner coax cables are used for high-speed network data links. Also used for TV signals e.g. Aerials.

b) Modems

For data transmission through the existing 'analogue' telephone network to be possible, there has to be a device at each end of the telephone line that can convert (Modulate) the data from digital form to analogue form, and (Demodulate) from analogue form to digital form, depending on whether the data is being sent out or received along the telephone line.

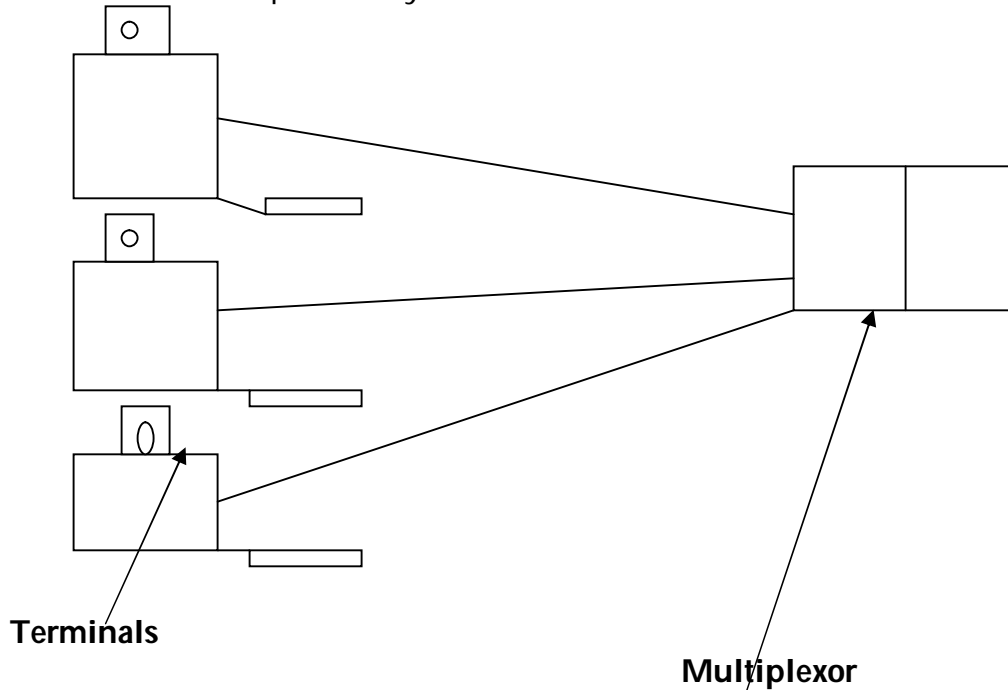
This conversion is done by devices called modems. There must be a modem at each end of the telephone line. Digital means 'of digits or numbers'. And is in coded (binary) form.

c) Multiplexors (Concentrators)

These are devices, which are used to send data from several sources down a single line at the same time.

Multiplexing involves combining or merging signals. It accepts signals from several communicating devices and directs transmission to and from a computer along a single carrier channel.

It codes data in a special way so that it can be sorted out at its destination.



It saves line charges as only one telephone line will be required to connect several computers.
Terminology key terms

Band Width

The amount of data that can be sent down a telecommunications line is in part determined by the bandwidth.

Definition:

Bandwidth is the range of frequencies that the channel can carry. Frequencies are measured in cycles per second, or in Hertz. The wider the band width, the greater the number of messages that a channel can carry at any particular time.

Band Rate

This is a measure of the speed of transmission and roughly equates to number of bits per second.

Interfaces

The point of interaction between the computer and the user, principally in terms of using a display screen for input and retrieval of information. The two principal forms of interface are often described as Graphical user interface.

Protocols

This is an agreed set of operational procedures governing the format of data being transferred, and the signals initiating, controlling and terminating the transfer.

This helps in cases of data transmission errors, which can get detected, and also take steps to recover the lost data.

Question;

1. a) What is a computer?
- b) List and briefly describe the major components of a computer.

CHAPTER FOUR

SOFTWARE CONCEPTS

4:0 Introduction

Under this Chapter we shall look at the following:-

- ◆ Operating system
- ◆ Application programs
- ◆ Utility programs
- ◆ Programming languages

Definitions

Software refers to the programmes that tell the computer what to do. Software is by far the most valuable asset of a computer user.

A program is a set of instructions that a computer follows in order to produce the desired results or effects. There are 3 (three) categories of software (programs):

- i) The operating software;
- ii) The programming languages and language translators
- iii) The application software

4:1 OPERATING SYSTEM

Also referred to as the executive program

Definition:

This is a program or suite of programs, which provide the bridge between application software (such as word processing packages, spreadsheets or accounting packages) and the hardware.

An operating system controls the action of other programs, which are said to run under it - under its control. It looks after such actions as disk access.

NB: All application software is designed to run under a specific operating system.

Functions of an operating system

1. It checks the initial set up of the computer once it has booted - up or started via the BIOS. (BIOS) Basic Input Output System is that module forming the part of an operating system, which controls the input and output of data to peripherals i.e., a disk, key board, monitor, mouse, etc. At times it can be stored on ROM.
2. It checks whether the hardware including peripheral devices i.e. printers, are functioning properly.
3. It calls up program files and data files from disk storage into memory.
4. Opening and closing of files, checking of file labels etc.
5. Maintenance of directories or folders in storage. A directory is a file storage.
6. Controlling input and output devices including interaction with the user information executed one by one.
7. Controlling system security e.g. monitoring the use of passwords. Ask for a password before anything is done.
8. Handling of interruptions e.g. machine failure and error reporting.
9. Managing multitasking

Multi tasking is an action which allows the computer to appear to be running several programs simultaneously e.g. sending a document you have completed for typing on a printer while working on another document and at the same time listening to your favourite tracts on CD.

Multitasking needs a suitable operating systems and sufficient memory to hold all programs and the data to be processed by each program. The main problem with multitasking is ensuring that programs don't interfere with each other. This is done by restricting the way the CPU gains access to programs.

PCs operating systems include, MS-DOS (Microsoft Disk Operating System), MS Windows 3.X, MS - Windows 95, 98, 2000, OS/2 by IBM Co., Windows NT, UNIX, Net-ware. These are all version of operating system.

4:2 WINDOWS

Early incarnations of windows, culminating in Windows 3.1 and Windows for Work groups 3.11, were not genuine operating systems in their own right, but were really an operating environment for an older Microsoft system called MS-DOS.

MS-DOS, very hostile to beginners, had all application programs run under it.

In 1993, Microsoft launched Windows N.T, a complete operating system for networks, then Windows 95, 98 and 2000.

Features of Windows 95

Features of Windows 95 include the following:-

- a) A 'desktop', from which everything in the system branches out. Disk drives, folders (directories) applications and files can be placed on the desktop.
- b) A 'task bar' which is always on top and which includes a start button and buttons representing every open application.
- c) Long file names are supported.
- d) There is a recycle bin for easy deletion of files.
- e) Easy integration with widely used networking software is possible.
- f) Multitasking is available (see definition above).

Windows '98

Features of Windows 98

a) It is easier to use

User interface enhancements include easier navigation, such as single-click launching of Applications, icon highlighting, forward/backward buttons, and an easy to customise start menu.

b) Greater reliability

More refinements and upgrades were made to Windows 95 and include;

- ◆ An internet-base resource site
- ◆ Testing user's hard disk and fixing problems automatic
- ◆ Enhanced back up and restore function

c) It is faster

The application loading, system start up, and shut down time are faster.

d) Web integration

There are a variety of features designed to enhance internet access and use of Internet facilities.

- e) It is more entertaining with its better graphics and video capabilities and better support for games, hard ware such as joysticks. Later versions can even allow people to use digital video disks (DVDs), digital television and even watch normal TV programs on their PCs.

4:3 APPLICATION SOFTWARE

This consists of programs, which carry out a task for the user as opposed to programs which control the workings of a computer.

Whenever a computer is being used, it will be under the control of an application program, e.g. controlling stock, word processing, preparing accounts, etc.

Application Packages

These are ready-made programs written to perform a particular job.

a) Off- the-shelf application packages

These are ready-made packages distributed or sold by software vendors or manufacturers.

b) Tailor made application packages

These are programs made at the customers' request encompassing customers' desires. The customer normally gives a programmer his specifications and what he wants the program to do. The programmer studies the specification compares them with the available off-the-shelf packages and if there is none that can satisfy the customer needs, then he can write a new program for the customer.

General Purpose Package

These are off-the-shelf programs that can be needed for processing of a general type though the computer user can employ the package to a variety of users of his own choice.

Spreadsheets and Word processors are examples.

Application Suites

An application suite or soft ware suite is a collection of top-of the line application program from the same vendor.

A typical software suite will often include:-

- a) A Word processor - word processing program
- b) Spread sheet
- c) Data base
- d) Presentation graphics
- e) Personal information manager

Examples of application suites

- ◆ Microsoft office
- ◆ Lotus Smart Suite
- ◆ Novell Perfect office
- ◆ Corel Draw (for graphics)

Microsoft Office

1. Ms-Word
2. Ms- Excel
3. Access
4. Ms - Power Point
5. Ms - Outlook

Lotus Smart Suite

- Word Pro
Lotus 1-2-3
Approach
Freelance graphics
Lotus Organiser

Novell Perfect Office

- Word Perfect 6
Presentation

Word Processors: (Word Processing Programs)

A word processor makes your writing efforts look good. Master pages of a novel, grocery lists, etc. With the right paper you can use a word processor to create file folders, labels, brochures, business cards, greeting cards, letter heads etc. all types of professional documents i.e. letters, memorandum, invoices, etc.

Examples of Word processing programs,

- ◆ Word perfect for Windows
- ◆ Ms-word
- ◆ Word Pro
- ◆ Word Star, etc.

Spread Sheets

A spreadsheet program is much like a bookkeeper ledger sheet with rows and columns. You can use spreadsheets programs for all kinds of instant calculations such as finding the amount of interest you will pay on a loan.

You can change and update information instantly, correct mistakes without erasing and even process charts or graphics showing statistics within no time.

You use a spreadsheet program where you want columns and rows of numbers, financial calculations etc.

Examples of Spreadsheet programs

- ◆ Lotus 1-2-3
- ◆ Microsoft Excel
- ◆ Quattro Pro
- ◆ Consolidation

Data Base Programs

These help in management of lists of data with great ease e.g. a list of clients' addresses, items in stock, etc.

Examples of Data base programs include:

- ◆ Dbase IV
- ◆ Paradox for Windows
- ◆ Ms - Access
- ◆ Ms - Fox Pro
- ◆ Approach
- ◆ Oracle etc.

Presentation Graphic Programs

These kind of programs can help to come up with quality drawings.

They can also enable you create printed reports; handouts or notes to be used while you are speaking.

Enable you to create a self-running slide show-cartoons, that can play on any computer.

Enable you to create slides for business presentation including texts, graphs or clip art images e.g. a company logo.

Examples of presentation graphic programs

- ◆ Ms- Power point
- ◆ Freelance graphics
- ◆ Presentations
- ◆ Havard graphics
- ◆ Adobe persuasion
- ◆ Corel presents

4:4 PERSONAL INFORMATION MANAGERS (PIM)

These help you keep track of appointments, to list things you have to do and information on your contacts.

PIMs can do the following:

- ◆ List all phone calls you need to make in a day
- ◆ Check co-workers schedules, conflicts and automatically set up meetings that every one can attend
- ◆ Prioritise your daily tasks so that the most important work gets done first
- ◆ Track completed work so that you can tell some one exactly when you finished a certain report
- ◆ Let you check your workload for a day, week or month at a glance

Examples of PIMs include:

- ◆ Ms-Outlook
- ◆ Lotus organiser
- ◆ Schedule +
- ◆ Act!, etc.

4:5 INTEGRATED PACKAGES

An integrated package is a single program that modules such things as word processing, spread sheets, graphics, data base management and communications.

Accounting programs usually comprise modules integrated to form a large compile system or program. There may be a module for each of the sales ledger system, the purchase ledger, nominal ledger, trial balance, etc.

Popular integrated packages include:

- ◆ Ms Works
- ◆ Claris works
- ◆ Geo work pro

4:6 UTILITY PROGRAMS

These are programs or set of programs that enhance the work of an operating system.

Utility programs i.e. Norton's utilities can recover data, manipulate files, re-organise data on disks, check for and fix errors on disks, etc.

Vaccines and a virus guards are also utility programs intended to protect virus infection.

VIRUSES

A virus is a piece of soft ware which infects programs and data and possibly damages them, and which replicates itself.

Viruses need an opportunity to spread. The programmers of viruses therefore place viruses in the kind of software, which is most likely to be copied. This includes;

- a) Free soft ware (e.g. from the internet)
- b) Pirated software (cheaper than original versions)
- c) Games software (wide appeal)

Types of Viruses

Trojans

A Trojan is a program that while visibly performing one function, it secretly carries out another e.g. as you can play a game, it secretly destroys data or files. Trojans don't copy themselves on target disks.

Worms

This normally survives by copying and replicating itself inside the computer system it has entered without necessarily altering that system.

Bombs (Logic and time bombs)

Time bombs

These are normally released at given dates in a year, say fools day, etc.

Logic bombs

These are normally triggered by certain events e.g. a disk utilised up to a certain percentage.

Identification of Viruses

Some viruses are detected before they do any damage while others are identified when they are activated.

Viruses may be controlled in the following ways;

1. Use of virus guards

These guard against virus infections. Unfortunately, new powerful viruses can attack and break through some virus guards.

2. Use of anti-virus software e.g. Doctor Solomon's took kit.

These are programs used to clear viruses from a system. They must always be upgraded to deal with new virus.

3. Organisations must have procedures to guard against the introduction of unauthorised software to their system.
4. Organisations, as a matter of routine, should ensure that any disk received from outside is virus free before the data on the disk is down loaded.
5. Firewalls
6. Any irregularities in a widely used program must be rectified as they come to light.

Transmission of Viruses

Viruses are transmitted in a number of ways

- ◆ Using infected disks in non-infected computers.
- ◆ Buying software from non certified vendors can result in buying infected software.
- ◆ Buying software, which are not well tested-say from the Internet.
- ◆ Getting connected to an infected network.

4:7 PROGRAMMING LANGUAGES

Computer programs are normally manufactured/written using programming languages. There are two recognised levels of programming languages.

- ◆ Low level language
- ◆ High-level language

a) Low Level Languages

(i) Machine Code (first generation language)

This program is as old as the computer itself. It was the 1st language used to Program Computers and indeed is the only language the computer recognises and understands.

Instructions in machine language are written or coded as Os and Is (Binary digits). Every program must be written in machine codes before the computer can do any thing with it. These languages are so hard to learn and complicated that is why the assembly language was subsequently developed.

(ii) Assembly Language (second generation language)

These are also machine specific, but the tasks of learning and writing the language is made easier than with machine language because they are written in 'symbolic' form.

Instead of using machine code, the programmer is able to use easily learned and understood operation mnemonics e.g. ADD, SUB and MULT.

b) High-level Languages

To over-come the low level language difficulty of machine dependency, high-Level languages were developed. Such programming languages, with an

extensive vocabulary of words and symbols, are used to instruct a computer to carry out the necessary procedures, regardless of the type of machine being used.

Advantages of high-level languages over low-level languages include:

- ◆ The productivity of programmers is improved as program writing can take place in a very short time compared with low-level language.
- ◆ The programs developed can be used on any types of computers without getting re-written.
- ◆ They speed up testing and error correction.
- ◆ High - level languages are easier to understand and use.

A) Third generation languages

These are problems oriented programming languages, which have been created to deal with particular types of data processing problems. They include:

- a) COBOL - is used for business data processing.
- b) BASIC - Beginner al purpose symbolic instruction code) - designed for beginners, particularly on microcomputers.
- c) FORTRAN is a scientific language
- d) Pascal suitable for structured programming.
- e) C- An advanced language originally used for programming in the UNIX, now also used to develop windows programs.

Other programming languages include C++, ALGOL, APL, PILOT, SNOBOL, etc.

Compilers and Interpreters

The high - level language program has to be translated into machine code before it can be used. This is done by **compiler programs**, by turning a source program into an object program.

An interpreter does the same sort of job as a compiler, but in a different way.

It takes a program written in a high level program language and executes it, statement by statement (i.e. instruction by instruction) directly during the running of the program.

B) Fourth Generation Language (4GL)

These are languages intended to help computer users or programmers develop their own application programs more quickly and cheaply.

- ◆ A 4GL requires fewer lines of code to write and develop a program than a 3 G Language.
 - ◆ A 4GL, by using a menu system for example, allows users to specify what they require, rather than describe the procedures by which these requirements are met.
- The detail is done by the 4GL software.

LIST OF ABBREVIATIONS

| ABBREVIATION | ABBREVIATION IN FULL |
|---------------------|--|
| 4.GL | Fourth Generation Language |
| ALU | Arithmetic Logic Unit |
| AOL | America on Line |
| AS II | America National Standard Code for Inform date Interchange |
| ATM | Automated Teller Machine |
| BASIC | Beginners All Purpose Symbolic Codes |
| BIOS | Basic Input – Output System |
| BIT | Binary Digit |
| BTM | Business Teller Machine |
| CD | Compact Disk |
| CIS | Computer Information System |
| CLS | Clear Screen |
| COBOL | Common Business Oriented Language |
| CPU | Central Processing Unit |
| CU | Control Unit |
| DBMS | Database Management System |
| DDL | Data Definition Language |
| DEEP BLUE | Computers are modern computers that are an IBM computer programmed to play Chess with the world class champion, Garry Kasorok. Programmed to make 1 million moves in a second, which defected the world chess champion in the world. |
| DEL | Delete |
| Dir | Directory |
| Disk Drives | Media where computer programme files reside e.g., Hard disks, floppy Disks, CD-ROM, Magnetic tapes etc. |
| DML | Data Manipulation Language |
| DOS | Disk Operating System |
| DPC | Desktop Personal Computer |
| Drives | External storage medium storage capacity more than floppy and less then hard disk drive, designed with letters D...E. |
| DTP | Desk top Publishing |
| DVD | Digital Video Disk |
| E-mail | Electronic Mail |
| EMF | Electronic Magnetic Fields |
| EPOS | Electronic Point of Scale |
| EWN | Enterprise Wide Network – Any Private Network connects all of organization CPS no matter what they run or where they are located. |
| Expansion Slots | are access slots on the C.P.U where new computer cards can be fixed when upgrading (expanding) a computer. When adding |

| | |
|----------------------|--|
| | another floppy drive, adding a CD ROM Drive a higher memory chip. |
| Floppy Disks Drives. | External storage medium, less storage capacity than Hard disks drive designed with letters |
| FORTAN | Formula Transaction |
| GB | Byte |
| GUI | Graphical User Interface - medium through user interacts with a CP |
| Hard Disk Drive | Internal Storage mechanism stores most computer applications. Capacity 100MB designed work letters |
| HLL | High Level Language |
| IBM | International Business Machine |
| ILL | Intermediate Level Language |
| INTERNET | International Network |
| IRR | Internal Rate of Return |
| ISP | Internet Service Provider – Provides Internet to users who register at 15 P using other dial to dedicated access. |
| IT | Information Technology |
| KB | Kilo Bytes |
| KIPS | Kilo Instructions Per Second - its Speed |
| KISS | Keep it small Simple |
| LAN | Local Area Network |
| LLL | Low Level Language |
| MAN | Metropolitan Area Net - Work |
| MB | Mega Byte |
| MICR | Magnetic Ink Character Recognition |
| MIPS | Millions Instructions per Second |
| MODEM | Modulation Demolecular |
| MS DOS | Micro Soft Disk Operating System |
| Ms Excel | Micro soft Excel |
| MULT | Multiply |
| NPV | Net Present Value |
| NT | Net Work |
| OCR | Optical character Recognition |
| OS | Operating System |
| OUR | Optical Work Reading |
| PC | Personal Computer |
| PIN | Personal Identification Number |
| Ports | Are connections (sockets) on the C.P.U which a computer components (Device) like a printer, mouse, modern etc. Can be connected. |
| RAM | Random Access Memory |
| ROM | Read only Memory |
| SAN | Storage Area Network |
| SDLC | System Development Life Cycle |
| SSDM | Special Standard System Development management maintenance |

| | |
|------------|---|
| SSM | Special Standard System Management/maintenance |
| SQL | Structured Query Language |
| SUB | Subtract |
| TCP/IP | Transmission Control Protocol/internet Protocol system used to transfer information from one computer to another. |
| UPS | Uninterrupted Power Supply |
| URL | Uniform Resource Locator |
| VAN | Value Added Network |
| VDU | Visual Display Unit |
| W.W.W | World Wide Website |
| Web Server | Software that delivers web pages and contains of web sites. |

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