

## INTERNATIONAL AGENCIES

### 33.1 INTRODUCTION

The industrial revolution set in motion a process that has made the world increasingly interdependent and small. The 19th and 20th century revolutions in such fields as means of transportation, communications and information have increased its growing interdependence and promoted globalization. Lately this process is further pushed forward by rapid advances in technology, making the movement of goods, capital and human beings or even exchange of information unimaginably fast. But this is not without problems in the areas like labour, migration, trade, health, culture and development. Such problems cannot be resolved without international collaboration and cooperation of all nations and peoples. Hence, in order to meet these challenges and to perform special, technical and non-political functions, governments have set up agencies like International Labour Organization (ILO), World Health Organization (WHO), Food and Agricultural Organization (FAO) under the aegis of UN General Agreement on Tariffs and Trade (GATT) and World Trade Organization (WTO) is a recent addition to these existing agencies.

There were other reasons also for the establishment of some international agencies. The world had experienced massive destruction of life and property in the two world wars leading to great economic depression. There was need to create international institutional arrangements for reconstruction of war ravaged economies. Hence the International Bank for Reconstruction and Development (IBRD) or World Bank and International Monetary Fund (IMF) were born. Except WTO (and its predecessor GATT) the six agencies mentioned in this lesson are specialised agencies of the United Nations. There are seventeen specialized agencies of the United Nations, including the six discussed in this lesson. Falling outside the scope of these agencies but affecting their activities are the hundreds of multinational corporations. These are also discussed in this lesson.

### 33.2 OBJECTIVE

After studying this lesson you will be able to:

- Identify the objectives for the establishment of International Agencies
- Analyse the role played by the Agencies of the United Nations like ILO, UNESCO, WHO, FAO in promoting international co-operation in non-political fields
- Trace the divergent views held by different sections of countries about these.

## KEY TO TERMINAL EXERCISES

1. Please See in Section 32.3
2. Please See Sections 32.4.1
3. Please See Section 32.5
4. Please See Section 32.6
5. Please See the first paragraph in Section 32.7
6. (a) 32.4 (c) 32.5  
(b) 32.4 (d) 32.8 (e) 32.4 and 32.7

## EXTENDED LEARNING

**Basic Facts About the United Nations (New York, 1995).**

**Image and Reality : Questions and Answers about the United Nations  
(New York, 1996).**

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**KEY TO INTEXT QUESTIONS**

- 31.1**
1. San Francisco
  2. 51
  3. Maintenance of international peace and security
  4. True
  5. True
- 32.2**
1. True
  2. The Security Council
  3. 11
  4. The Economic and Social Council
  5. False
  6. Kofi Annan
  7. Both the Security Council and the General Assembly
- 32.3**
1. True
  2. Mediation and inquiry/ investigation
  3. False
  4. Stoppage of sales of weapons, ban on exports and imports, ban on sale of oil, restriction on diplomatic contacts, etc.
  5. Korea and Iraq
  6. The UN Emergency Force
- 32.4**
1. 80
  2. UN Development Programme
  3. The Less Developed Countries
  4. To promote awareness and build consensus
  5. 1960s
  6. The Earth Summit
  7. World Bank
- 32.5**
1. 1960
  2. True
  3. Nelson Mandela
  4. False
  5. 10 December
  6. 1976
  7. Human Rights Commission
  8. High Commissioner for Human Rights
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## 32.9 WHAT YOU HAVE LEARNT

To recall from the lesson. The United Nations was formed on 24 October 1945 with the objective of maintaining world peace and Security. It has six main organs, the General Assembly, the Security Council, The Economic & Social Council, The Secretariat, the Trusteeship Council and International Court of Justice to achieve its aims and objectives. The United Nations tirelessly offered mediation and other services to resolve peacefully differences between countries. On occasions, the United Nations has imposed economic sanctions and authorised military action against a few deliant countries. The United Nations' peace-keeping operations have played a key role in maintaining world peace. Besides, the Organisation has striven to persuade the advanced countries to contribute to the economic development of the less developed countries. The United Nations' opposition to colonialism and racism and also its efforts to promote human rights in the world have brought about encouraging results.

The United Nations has shown encouraging promise on many fronts, though it falls short of our expectations on many other counts. Yet it remains the unique forum available to humanity as a whole to pursue the ultimate goal of building a world of peace, prosperity, equality and justice. Five decades are too short to realise these ideals; but with the support of the people and governments it can make the next five decades more productive in realising those ideals.

### TERMINAL EXERCISES

1. Discuss the purposes and principles of the United Nations Charter.
2. Compare and contrast the composition and functions of the General Assembly and the Security Council.
3. Explain the three main lines of action by the United Nations in maintaining world peace.
4. Examine some of the contributions of the United Nations towards economic development of the less developed countries.
5. Discuss the importance of the United Nations' role in the decolonisation effort.
6. Write short notes on the following :
  - (a) San Francisco Conference
  - (b) UN Secretary-General
  - (c) Peace-keeping operations of the United Nations
  - (d) Universal Declaration on Human Rights
  - (e) United Nations' Trusteeship System

Day. The Declaration contains a comprehensive range of civil, political, economic, social and cultural rights that all peoples are entitled to without any discrimination. Admittedly, the Universal Declaration, as any declaration, is not binding on governments. However, it gave inspiration to the drafting of two legally-binding covenants, one on economic, social and cultural rights and the other on civil and political rights. Both these covenants became applicable to the signatory states from 1976 onwards. These two covenants, together with the Universal Declaration, are known as "the International Bill of Human Rights".

The Covenant on economic, social and cultural rights highlights the right to work in just conditions, the right to adequate standard of living and the right to social protection. The Covenant on civil and political rights emphasises freedom of movement, equality before the law, freedom of religion, freedom of participation in elections, and protection of minority rights. The compliance of the signatory states to this covenant is monitored by a specially constituted Committee on Human Rights. A remarkable feature is that the United Nations is empowered under the civil and political rights covenant to receive and redress the complaints from individuals against the behaviour of their own respective governments.

The United Nations has adopted other declarations and covenants with the aim of stopping the practice of torture and racial discrimination, or protecting vulnerable sections like children, women and migrant workers.

The activities of the United Nations include the convening of periodical conferences on human rights. Recently, in 1993, the United Nations organised at Vienna an international conference on human rights. Acting upon the recommendations of that conference, the General Assembly appointed in 1994 the UN High Commissioner for Human Rights whose task is to promote more scrupulous respect for human rights throughout the world.

## INTEXT QUESTIONS 32.5

Answer the following questions

1. The Declaration on Decolonisation was adopted in \_\_\_\_\_. (1945, 1960, 1995)
2. The United Nations was responsible for the administration of the trust territories.  
(True/False)
3. The native leader of the resistance movement against apartheid in South Africa was \_\_\_\_\_  
(Mahatma Gandhi/Nelson Mandela)
4. The Universal Declaration on Human Rights is binding on all member countries of the United Nations.  
(True/False)
5. Which day every year is observed as the Human Rights Day?  
(26 January/10 December/15 August)
6. The two covenants on human rights came into force in \_\_\_\_\_.  
(1997/1976/1966)
7. The foremost body active in the field of human rights is the \_\_\_\_\_.  
(World Court/Human Rights Commission/Economic and Social Council).
8. Which important office was established on the recommendation of the 1993 UN Conference on Human Rights?  
(Ombudsman/High Commissioner for Human Rights/Human Rights Court)

measles, poliomyelitis, tetanus, tuberculosis, and whooping cough. The joint WHO-UNICEF programme saves the lives of more than 3 million children each year. In 1980 it proclaimed the total eradication of smallpox from the world, following a 13-year global programme.

Global research programmes administered by WHO include a special programme in collaboration with the UN Development Programme (UNDP) and the World Bank relating to research and training in tropical diseases (such as malaria, leprosy, schistosomiasis, filariasis, trypanosomiasis and leishmaniasis). Working in co-operation with the World Bank, FAO and UNDP, WHO is engaged in a massive programme to combat onchocerciasis (i.e., river blindness) in Western Africa. It also directs and co-ordinates a global programme on Acquired Immunity Deficiency Syndrome (AIDS) to prevent and control infection with Human Immunodeficiency Virus (HIV) and to reduce the social and personal impact of AIDS.

### 33.6 FOOD AND AGRICULTURE ORGANIZATION (FAO)

The FAO was established in 1945 as a result of the World Food Conference held in Quebec City, Canada. Its headquarters are in Rome, Italy.

According to its constitution, FAO aims to raise levels of nutrition and standards of living of people across countries to improve the production and distribution of all food and agricultural produces from farms, forests and fisheries; to improve the living conditions of rural populations; and, by these means, to eliminate hunger from the world. One of FAO's priority objectives is to encourage sustainable agriculture and rural development, a long-term strategy for the conservation and management of natural resources, maximising stability in the flow of supplies and securing access to food by the poor. The People's Participation Programme promotes the involvement of rural people in decision making, policy making and in activities affecting their lives.

In carrying out these aims, FAO promotes investment in agriculture, better soil and water management, improved yields of crops and livestock, agricultural research, and the transfer of technology to developing countries. FAO promotes the conservation of natural resources and the rational use of fertilisers and pesticides. It combats animal diseases, promotes the development and sustainable utilization of marine and inland fisheries and encourages the sustainable management of forest resources. Technical assistance is provided in all these fields and others such as nutrition, agricultural engineering, agrarian reforms, development of communications, remote sensing for climate and vegetation, and the prevention of post-harvest food losses. FAO also works to maintain global bio-diversity with particular emphasis on the genetic diversity of crop plants and domesticated animals, essential for stable agricultural production.

In addition, the FAO has been active in the international efforts to assist African countries affected by drought and grave shortages. In this it has worked closely with its offshoot, the World Food Programme, which uses food aid for social and economic development and emergency relief. In 1990 it launched an international scheme for the Conservation and Rehabilitation of African Lands to promote national policies in agriculture and rural development that stress food security, popular participation and environmental protection through the sustainable use of land and water resources. Its Global Information and Early Warning System provides current information on the world food situation and identifies countries threatened by shortages to guide potential donors. Its Food Security Assistance Scheme is designed to assist developing countries to set up national food reserves. The Organization also has a major role in collection, analysis and dissemination of information on agricultural production, including commodities.

FAO acts as a neutral forum for the discussion of issues and advises governments on

policy. It convenes international conferences such as the 1992 International Conference on Nutrition, organized in collaboration with the WHO.

Although the work of FAO has not been disturbed by intrusion of extraneous political issues, some of its work has proved to be politically contentious. Its last Director-General, E.Saouma of Lebanon, was criticized by the US Administration of empire-building, extravagance and decisions made contrary to the wishes of the main donors. A more serious criticism against him was that he encouraged policies which have proved popular with the majority of FAO member states but were not best designed to encourage expenditure on capital building works.

In sum, it may be noted that although these four UN Specialised Agencies, discussed above, have been passing through difficult times due to financial crisis which has engulfed the entire family of UN agencies. The United States, a top contributor of funds, demands proportionate say in the decision-making in these agencies so that the developing countries no longer be able to dominate in deciding policies and programmes. Despite such strains and stresses, these agencies are playing an important role in their respective areas of activity.

### INTEXT QUESTIONS 33.2

Fill in the blanks with words given in the brackets.

1. \_\_\_\_\_ is one of the diseases which has been totally eradicated by WHO.  
(polio/small pox/river blindness).
2. The headquarters of FAO are in \_\_\_\_\_ (Rome/Geneva/Paris)
3. The joint WHO-UNICEF programme saves the lives of more than \_\_\_\_\_ children.  
(10 million/5 million/3 million)

### 33.7 INTERNATIONAL FINANCIAL AGENCIES

The pressing need to ensure smooth operation of world economy was uppermost among the leaders who planned various international agencies after the Second World War. The memories of inter-war years about unprecedented economic depression as a major cause for the war were fresh in their minds. To prevent recurrence of such events a conference was held at the Bretton Woods (United States) in 1944, resulting in the establishment of two major agencies: the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD). These two agencies are known as the Bretton Woods Institutions. Their headquarters are in Washington. Let us learn more about each of them.

### 33.8 IMF

The objectives of IMF are to promote international monetary co-operation; to expand international trade and maintain exchange rate stability; to assist in the removal of exchange restrictions and the establishment of a multilateral system of payments; and to make available the financial resources of the IMF to alleviate international balance of payments (BOP) disequilibrium of the member countries.

**Balance of Payments (BOP) :** It refers to the balance between the cost of a country's imports and the receipts for its exports.

Due to weighted voting system, the developing countries do not have much say in the decision-making. The USA has the largest quota followed by Germany, Japan, France and

the United Kingdom. There is a periodic revision of quota every three to four years. The quota of all the members together finances the functions of the IMF and decides its lending capacity too.

IMF gives loans to needy member countries under proper conditionalities, to overcome the problem of balance of payments. These loans are forwarded along with strict policy prescriptions to deal with problems with running the national economies. The IMF may insist on devaluation of national currency, reduction in government expenditure, cut in subsidies, etc. which are commonly known as "Conditionalities".

**Conditionalities:** Conditions and prescriptions imposed by IMF on developing countries while advancing loans to them. Such conditions include devaluation of the national currencies, reduction in government expenditure, cut in subsidies.

- (a) **Drawings :** When a country has short-term and medium-term payment problems, it sells its own currency to the IMF to buy the desired currency at a price lower than that of the market.
- (b) **Stand-by Agreement :** The IMF gives assurance to the member countries that loan will be made available to them in case of need. It carries conditionalities — the member countries have to introduce economic policy reforms to stem the anticipated problem.
- (c) **Compensatory Financing :** It was started in 1963 to alleviate specifically the difficulties of developing countries. This scheme recognised for the first time that a country's BOP problems may be beyond its control. Most of the developing countries are the producers of primary products like cocoa or rubber. Their economies are susceptible to volatile prices of the primary products in the international market. Therefore, under this scheme the developing countries get a loan on the basis of their entire economic situation.
- (d) **Extended Fund Facility :** It is a medium-term assistance demanding correctional policy measures to overcome structural weakness through planning.
- (e) **Oil Facility :** It was created in 1974 to help tide over BOP problems arising out of sudden hike in petroleum prices.

The IMF has been introducing various schemes from time to time to meet the growing demands of countries for finances. During the first ten years of its operation, the IMF was more concerned with the problems of the European countries and maintaining the fixed exchange rate system. By 1970, the fixed exchange rate system collapsed. It has since been replaced by the market forces of demand and supply in currency transactions. Also, by 1970, most of the European economies had become sufficiently strong. Therefore, the IMF shifted its attention to the BOP problems of the developing countries.

**Exchange Rate:** International prices of currencies

After 1970s increased volume of subscription has resulted in an increase in the lending facilities too. But these are accompanied by various conditionalities. Economic conditionalities include such measures as devaluation, budget deficit controls, allowing foreign capital investment, ruing government expenditure and privatization. The developing countries are not able to adhere to some of the harsh conditionalities because they affect their national socio-economic policies in the long run. Such safeguards hit the poor very hard because they are indiscriminate. For example, budget deficit control implies reduced expenditure by the government. In a developing country state intervention is necessary to eradicate poverty and hunger. Budget deficit control has led to food riots in some African countries. Now, the IMF is talking about adjustment in a humanitarian manner.

The decision making in IMF is through consensus wherein the rich countries have an

upper hand. The weighted voting system further militates against the interests of the developing countries. The countries contributing more have better say.

The conditionalities hitherto were economic in nature. Now they have transcended the economic sphere. The IMF is now imposing such political safeguards as good government, arms control, democracy, legal regime and above all, human rights. They are evolving a model of political system which has strong ideological connotation. This is very different from the initial years when the IMF was founded to be an expert economic body devoid of any political dimension.

Most developing countries today are reeling under the debt burden of one scheme or the other and are finding it difficult to extricate themselves out of it. They have to further borrow to pay for the interests on loans. This is called debt trap for which there does not seem to be a way out in the near future.

### 33.9 THE WORLD BANK

The IBRD is also known as the World Bank. It is a close ally or partner of the IMF. The World Bank is a group of four institutions: the International Bank for Reconstruction and Development (IBRD), established in 1945; the International Finance Corporation (IFC), established in 1956; the International Development Association (IDA), established in 1960; and the Multilateral Investment Guarantee Agency (MIGA), established in 1988. The common objective of all four institutions is to help raise standards of living in developing countries by channelling financial resources to those countries from developed countries.

Its main objectives are to assist in the economic reconstruction and development of its members by facilitating the investment of capital for productive purposes.

The basic rules governing The Bank's operations are provided in its Charter. These are as follows: (i) It must lend only for productive purposes such as agriculture and rural development, energy, education, health, family planning and nutrition, roads and railways, telecommunications, urban ports and energy. (ii) Each loan must be guaranteed by the government concerned and, except in special circumstances, must be for specific projects. (iii) It must pay due regard to the prospects for repayment. (iv) It must assure itself that the necessary funds are unavailable from other sources on reasonable terms. (v) The use of loans cannot be restricted to purchase in any particular member country or countries. (vi) The Bank's decision to lend must be based only on economic considerations.

The IBRD raises most of its money from bonds and other debt securities issued in world financial markets, based on the guarantee of share capital subscriptions from its members. Other sources of Bank funds are shareholder's capital and retained earnings. Its loans are given for a period of 15 to 20 years, and generally have a five year grace period. The interest rate on these loans is adjusted every six months according to changes in the cost of funds to the Bank: the current rate is 7.43 per cent. The Bank has earned a profit every year since 1947.

Among the four institutions constituting World Bank, IBRD accounts for about three-fourths of all Bank lending. IDA provides highly concessional "credits" to the world's poorest countries. The "poverty ceiling" for a borrowing country was \$740 per capita gross national product in 1990. Almost all IDA "credits" (they are not known as loans) have been for a period of 50 years, without interest, except for a small charge to cover administrative costs. Repayment of the principal amount does not begin until after a 10-year grace period. IFC, on the other hand, lends directly to the private sector without government guarantee. It also takes up equity positions to foster development of capital markets in developing countries. MIGA promotes private investment in developing

countries by providing guarantees on project investments.

By 30 June 1994 the Bank had made 3,660 loans totaling \$249.39 billion to 124 countries on different projects. In order to eliminate wasteful overlapping of development assistance and to ensure that the funds available are used to the best possible effect, the Bank has organized consortia or consultative groups of aid-giving nations for many countries (including India, Pakistan and Bangladesh).

Normally a World Bank loan is given to a member government but it can be extended to a private party if the loan is guaranteed by the government of the borrowing country. For example, in 1956, a loan of \$80 million was given to the Tata Iron and Steel Company in India (TISCO) on the guarantee of Indian government. States within India have also availed of its loans. For instance, the recent Enron project in Maharashtra has received its loan on the guarantee furnished by government of India. India is one of the greatest beneficiaries of IBRD lending operations. In aggregate terms, the Bank has, in the last four and a half decades (i.e., up to 1993) lent approximately \$42 billion to India, about equally divided between IBRD and IDA. India is the single largest borrower in both the institutions, as it has claimed about 15% of the total Bank lending.

### 33.10 WORLD TRADE ORGANIZATION (WTO)

The WTO was established on 1 January 1995 replacing the General Agreement on Tariffs and Trade (GATT). WTO is the result of many rounds of multilateral trade negotiations. The Marrakesh agreement was negotiated as a climax of the Uruguay round of trade negotiations under the umbrella of GATT. The last round of negotiations were concluded on 15 December 1993 and the participating governments signed the Final Act at a meeting in Marrakesh, Morocco, in April 1994. The "Marrakesh Declaration" affirmed that the results of the Uruguay Round would "strengthen the world economy and lead to more trade, investment, employment and income growth throughout the world". As of 31 August 1996, WTO had 123 members.

WTO has a much broader scope in terms of the commercial activity and trade policies to which it applies. GATT applied only to trade in merchandise goods; the WTO covers trade in goods, services and "trade in ideas" or intellectual property (innovations, inventions etc.)

The principal differences between GATT and WTO, are as follows: (i) GATT was a set of rules, a multilateral agreement, with no institutional foundations, only a small associated secretariat which had its origins in the attempt to establish an International Trade Organization in the 1940s. WTO is a permanent institution with its own secretariat. (ii) GATT was applied on a "provisional basis" even if, after more than forty years, governments chose to treat it as a permanent commitment. The WTO commitments are full and permanent. (iii) GATT rules applied to trade in merchandise goods. In addition to goods, WTO covers trade in services and trade-related aspects of intellectual property. (iv) While GATT was multilateral instrument, by the 1980s, many new agreements had been added of a plural, and therefore selective nature. The agreements which constitute the WTO are almost all multilateral and, thus, involve commitments for the entire membership. (v) The WTO dispute settlement system is faster, more automatic, and thus much less susceptible to blockades, than the old GATT system. The implementation of WTO dispute findings will also be more easily assured.

The WTO is based in Geneva, Switzerland. Its essential functions are:

- administering and implementing the multilateral and plurilateral trade agreements which together make up the WTO;

- acting as a forum for multilateral trade negotiations;
- seeking to resolve trade disputes;
- overseeing national trade policies; and
- co-operating with other international institutions involved in global economic policy making.

Thus the WTO is the legal and institutional foundation of the multilateral trading system. It provides the principal contractual obligations determining how governments frame and implement domestic trade legislations. And it is the platform on which trade relations among countries evolve through collective debate, negotiations and adjudication.

The principles governing trading system outlined in the WTO Agreements are worth noting. There are four significant principles: (i) Trade should be conducted without discrimination. The Agreement prohibits discrimination among members and between imported and domestically produced merchandise. (ii) The WTO agreements seek to ensure that conditions of investment and trade are more predictable by making it difficult for member governments to change the rules of the game at will. The key to predictable trading conditions is often the transparency of domestic laws, regulations and practices. WTO agreements contain transparency provisions which require disclosure of these rules at the national level or at the multilateral level through formal notifications to the WTO. (iii) The WTO promotes open and fair competition in international trade. It is not the "free trade" institution as it permits tariffs and limited forms of protection. (iv) The WTO agreements encourage development and economic reform. Many of the underdeveloped countries have been following the policies of economic reforms or liberalisation during the last decade.

The importance of WTO cannot be undermined. The 1996 annual report of WTO states that with strong growth in both merchandise and services trade in 1995, the value of total cross-border trade in goods and services exceeded \$6,000 billion for the first time. The current proposals of WTO are: the full and rapid implementation of the Marrakesh Declaration on the LDCs (Least Developed Countries); improving their market access by working towards the elimination of all tariff and non-tariff barriers faced by their exports; helping to improve their investment climate; especially by negotiating, when appropriate, multilateral rules on investment; and helping build human and institutional capacity by improving the effectiveness and co-ordination of technical co-operation.

**Tarrif : Tax imposed on imports.**

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### INTEXT QUESTIONS 33.3

Fill in the blanks :

1. The headquarters of WTO is in the city of \_\_\_\_\_  
(Geneva/Tokyo/New York)
  2. LDCs is an abbreviation of \_\_\_\_\_.
  3. When was the established WTO? (1994/1944/1990)
  4. WTO replaced \_\_\_\_\_.
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### 33.11 ROLE AND IMPACT OF MULTINATIONAL CORPORATIONS (MNCs)

MNCs are also called the Transnational Corporations (TNCs). There are around 35,000 large MNCs with about 150,000 affiliates all over the world. They are business enterprises controlling enormous resources and capital. For instance, the sales of some American and European based MNCs has exceeded \$100 billion each. General Motors sales throughout the world are around \$140 billion which is larger than the gross domestic product of many states in the world. Today MNCs are responsible for direct financial investments to the tune of \$1,700 billion and correspondingly control access to capital markets and technology, employment and trade world over. Their criteria for making decisions are profits to their shareholders rather than national security or social welfare. Since MNCs can and do move finance and production around in the world in response to "market forces", their impact on states is very great indeed. In our daily lives we use products or services of hundreds of MNCs. Indian markets sell goods from many well-known MNCs, such as Bata, Motorola, Siemens, Dunlop, Ranbaxy, Glaxo, IBM, Colgate-Palmolive, Pepsi, etc.

MNCs have great flexibility in moving goods, money, personnel and technology across national boundaries. This flexibility in fact increases their bargaining power with both home and host governments. In dealing with MNCs, governments must be sure that they maintain control over tax revenues, inflation, trade balances, balance of payments, trade restrictions, monetary values, credit policies, employment and economic planning. The complex interplay of economic and political factors is greatly affected by the activities of MNCs. Thus, by controlling such enormous resources and a vast market they play a leading role in the areas of control sought by governments.

There are many advantages and disadvantages of MNCs. Voices of criticisms are raised against MNCs in many states. It has been argued that their operations intrude the national sovereignty and technological, industrial and economic independence. They are highly centralized and are dominated by the parent company. The managers are from the home (parent) state, research is centralized, autonomy for foreign subsidiaries is limited, technology is exported from the parent company, profits are repatriated and their policies conform to the economic and foreign policies of the home state.

On the other hand, the advantages include increased wealth and economic growth for the host states which will add to their power nationally and internationally. Their contributions lie mainly in the areas of capital formation, technology and management skills, regional development, competition and correcting balance of payment. They provide local employment also. Despite their disadvantages and the "love-hate relationship" of governments with MNCs, they continue to dominate the lives of nations in the trade and business. Their presence cannot be overlooked by host states in the Third World.

### 33.12 WHAT HAVE YOU LEARNT

This lesson has enabled you to understand the reasons for the establishment of many international agencies. You learnt that without international cooperation of nations and peoples, certain international problems relating to labour problem, food shortage, agricultural development, better health facilities, educational and cultural advancement and development cannot be solved. In fact, it is difficult to imagine the present day world without them. We studied that these international agencies have performed an important role in the last 50 years. Despite being functional and specialised in nature, their operations and activities have often been marred by political and ideological differences of the developed/rich and underdeveloped/poor countries. They have many achievements

to their credit. Yet much remains to be done. Let us hope that they will continue to work with dedication and vigour to solve the socio-economic problems of the world.

### **TERMINAL QUESTIONS**

1. What is meant by "specialized agencies of the United Nations"?
2. Explain the nature and scope of ILO conventions.
3. Why has UNESCO become controversial?
4. List the objectives of IMF and discuss its role.
5. To what extent has India been benefited by the World Bank?
6. Discuss the main differences between GATT and WTO.
7. Evaluate the aims and activities of the multinational corporations.

### **FURTHER READING**

1. **Basic Facts About the United Nations** (New York, 1995)
2. **Europa Yearbook**, Vol. 1 (London, 1995)

## KEY TO INTEXT QUESTIONS

- 33.1**
1. ILO
  2. ILO
  3. ILO
  4. 1978
- 33.2**
1. Small pox
  2. Rome
  3. 3 million
- 33.3**
1. Geneva
  2. Least Developed Countries
  3. January, 1, 1995
  4. GATT

## ANSWERS TO TERMINAL QUESTIONS

1. 33.1
2. 33.3
3. 33.4
4. 33.
5. 33.8
6. 33.9
7. 33.10

## KEY WORDS

**Balance of Payment (BOP)** : It refers to the balance between the cost of a country's imports and the receipts for its exports.

**Conditionalities** : Conditions and prescriptions imposed by IMF on developing countries while advancing loans to them. Such conditions include devaluation of the national currencies, reduction in government expenditure, cut in subsidies, etc.

**Multinational Corporations** : Also known as Transnational Corporations (TNCs) are companies or business enterprises that operate in many different nations and in multiple markets across the globe, in effect creating a global shopping centre.

**Specialized Agencies** : Inter-governmental organisations with wide responsibilities in economic, social, cultural, educational, health and other fields, whose work is coordinated by the Economic and Social Council of the United Nations.

**Tariff** : Tax imposed on imports.