WHAT IS GLOBALISATION?

Globalisation is known as the increasing interdependence between countries through flows of capital, trade, goods and services as well as culture and ideas. The rate of globalisation is increasing, with developing countries becoming more involved in global markets and forums, whilst developed countries become increasingly interdependent on one another. There are many causes for accelerating globalisation and the apparent ‘shrinking’ of the modern world:

A map of the world

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Economic

The volume and influence of transnational companies (TNCs) has increased - many TNCs have incomes higher than GDPs of many countries. Online purchasing between countries is becoming increasingly common.

Stocks are traded from across countries and countries invest in each other (Foreign Direct Investment).Some financial businesses (pension funds and investment banks) trade large amounts of currencies in order to make profit

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Cultural

Americanisation and Westernisation of other (often developing)

parts of the world.

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Political

Trade blocs (e.g. NAFTA, EU) have become more influential and have reduced tariffs and other protectionist measures. IGOs (e.g. IMF, WTO and the World Bank) work to harmonise economies, whilst promoting democratic ideology. Political views and ideology are expressed in worldwide media outlets e.g. BBC, Fox, CNN.

Migration

International migration has led to extensive family networks living across the globe, leading to the spread of culture and finance (through remittance). International tourism has increased - more people can travel abroad for holidays due to lower transport costs.

Technology

The internet has rapidly allowed the spread of information and knowledge. Social networking sites have become very popular (Facebook had 2.5 billion users in 2020), Tik Tok has 4million.

Networks can allow the spread of culture, ideology and opportunities for migration and tourism. Enormous server farms exist currently (e.g. Microsoft’s data centre in Washington) which store substantial amounts of data

A close-up of a ship

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Flow of Commodities

Goods can easily be imported, increasing countries interdependence on one another (some UK bottled water is imported from Fiji, which is 10,000 miles away) The volume of manufactured goods has increased rapidly due to low cost countries such as Bangladesh and Vietnam

WHAT IS GLOBALISATION?

Globalisation had led to:

* The lengthening of connections - people can now travel further afield and goods are brought in further away.
* The deepening of connections where connections are penetrating more in depth into most aspects of life.
* Faster speed of connections - people can now talk in real time from different parts of the world and you can travel much faster than previously between different countries etc.

Increasing globalisation throughout history

A picture containing railroad, track, locomotive, railway

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19th and 20th Centuries

Important innovations in transport include:

Steam power – In the 1800s, Britain was leading the world in the use of steam technology. This allowed the British to move their goods and armies very quickly into key areas, such as Asia and Africa.

Jet aircraft – Newer and more efficient aircraft have allowed goods to be transported quickly between countries. Increasing competition between affordable airlines (e.g. EasyJet, RyanAir, Jet 2) has led to more people being able to travel abroad.

Containerisation – There are more than 200 million container movements every year and this is extremely important to the global economy. All sorts of goods are transported across the world, lower costs of transport is beneficial for both businesses and consumers

A picture containing text, transport, watercraft, vehicle

Description automatically generated

There were also technological advancements, which include:

Telegraph – The first telegraph cables were laid across the Atlantic in 1860s, which allowed for almost instantaneous communication and revolutionised how businesses operated.

21st Century

Transport and technology continues to advance in the 21st Century, allowing for instantaneous communication and interactions across the globe:

Telephones - Mobile phone use is very common across the world with smartphones becoming even more popular which has allowed better global communication

Broadband and fibre optics – Since the 1990s, large amounts of data can be transferred very quickly via cables laid out along the ocean floor. The introduction of fibre optic cabling for domestic abuse has accelerated telephone, internet and television speeds for the home.

GPS – Satellites have allowed companies and people to track goods across the world. GPS has become an essential feature of modern cars, and has lead to the success of Google Maps.

Internet – The internet is now extremely important - approximately 40% of the world’s population have access to it. Social media is extremely influential and, due to their large numbers of users, has led to the rapid spread of news, knowledge and opinions.

TASK 1: WHAT IS GLOBALISATION?

TASK 1:

Complete the following tasks using the information above:

1. What is globalisation?
2. Explain the 3 main causes for globalisation.
3. Create a timeline showing transport and technological changes in two different colours and for each, explain how this increases globalisation. Feel free to use pictures as you go.
4. Which 19th/20th/21st century change do you think has been most significant in increasing globalisation? Pick one and explain why it’s the most significant.

TRADE AND INEQUALITY

Transnational corporations

Globalisation has resulted in many businesses setting up or buying operations in other countries. When a foreign company invests in a country, perhaps by building a factory or a shop, this is called inward investment. Companies that operate in several countries are called multinational corporations (MNCs) or transnational corporations (TNCs). The US fast-food chain McDonald's is a large MNC - it has over 34,000 restaurants in 119 countries.

A close-up of a map

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The majority of TNCs come from developed countries such as the US and UK. Many multinational corporations invest in other developed countries. However, TNCs also invest in emerging countries - for example, the British DIY store B&Q now has stores in China.

Factors attracting TNCs to a country may include:

* cheap raw materials
* cheap labour supply
* good transport
* access to markets where the goods are sold
* friendly government policies

A picture containing white, screenshot, black, rectangle

Description automatically generatedA picture containing text, map, screenshot

Description automatically generated

Figure 2: Map showing countries with and without McDonalds\*

Figure 1: Bottling locations of Coca-Cola https://www.coca-colacompany.com/company/coca-cola-system

Interdependence

Interdependence between countries means that they are dependent on one another in some way. Globalisation increased this interdependence. For example

* many developing countries are dependent on developed countries for manufactured goods or aid.
* Developed countries are dependent on developing countries for primary products such as steel and iron.
* Developing countries are also dependent on developed countries for income from tourism, whilst developed countries require developing countries to provide the climate and hospitality for some holiday destinations.
* In this way, countries can be said to be interdependent.
* The greatest volume of trade occurs between developed, capital-rich countries, especially between industrial leaders such as Australia, Canada, France, Germany, Japan, the United Kingdom, and the United States.

TRADE AND INEQUALITY

A picture containing screenshot, text, font, diagram

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Causes of inequality in trade

Trade is the exchange of goods and services between countries. More than half the world's trade takes place between just eight countries known as the G8. The G8 includes some of the world's wealthiest and most industrialised countries.

Usually, developed countries export valuable manufactured goods such as electronics and cars and import cheaper primary products such as tea and coffee.

In developing countries the opposite is true. This means that developing countries have little purchasing power, making it difficult for them to pay off their debts or escape from poverty.

The price of primary products fluctuates on the world market. Workers and producers in developing countries lose out when the price drops, but they benefit when it rises.

This instability makes it difficult to plan improvement, either locally on farms or in wider government.

The price of manufactured goods is steadier. This benefits developed countries as they have a stable income and can plan improvements accordingly.

Increasing trade and reducing their trade deficit is essential for the development of developing countries.

However, sometimes developed countries impose tariffs and quotas on imports. Tariffs are taxes imposed on imports, which makes foreign goods more expensive to the consumer.

Quotas are limits on the amount of goods imported and usually work in the developed country’s favour.

A trade surplus means that the value of exports is greater than imports. A trade deficit is when the value of imports is greater than exports.

A group of people picking cotton

Description automatically generated with medium confidence

Figure 3: Exports of developed and developing countries

A picture containing text, plot, screenshot, line

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Figure 4: World exports as a % of GDP - 2014

Figure 5: Cotton picking in Uzbekistan

Poorer countries supply resources such as timber, agriculture, oil and mining products, often at low prices.

These products are used in manufacturing industries to make products which are then sold for large profits, often to poorer countries.

Tea and cotton are examples of a low profit, raw material which sells for more once processed. If poorer countries could begin to process the materials themselves they could make more money.

However, the process is often too expensive for them to set up and richer countries make it difficult for them as they want to avoid the competition for their goods.

TRADE AND INEQUALITY

|  |  |  |  |
| --- | --- | --- | --- |
| What causes trade inequality? | |  |  |
| Highly industrialised countries need lots of cheap raw | |  |  |
| materials and energy supplies. | |  |  |
| They produce a wide variety of manufactured goods | |  |  |
| using these raw materials. | |  |  |
| Their populations can afford to eat foods or buy goods | |  |  |
| not produced in their own country. | |  |  |
| Trade groupings, such as the European Union, | |  |  |
| encourage trade within the trade grouping, by making | |  |  |
| it easy to cross borders without paying customs duties. | |  |  |
| Rich, influential developed countries often act | |  |  |
| together, for example the EU or the North American | |  |  |
| Free Trade Agreement. They dictate the terms of trade. | |  |  |
| 40 per cent of the trade in Canada, Mexico, and the | |  |  |
| US occurs within the NAFTA partnership. | |  |  |
| Transport links have improved within these trade areas. | |  |  |
| Motorways, high speed trains and tunnels now link EU | |  |  |
| countries together. This allows for quicker and easier | |  |  |
| movement of goods between countries. | |  |  |
| For poor, developing countries, the situation is different. | |  |  |
| They tend to have: | | Figure 6: Showing the stages of cotton to shirt. Where is most money gained and spent? | |
| •little manufacturing industry and little money to | |  |  |
|  |  |
| develop it | |  |  |
| •many of the population are poor farmers, including | |  | Often poor countries rely on only one or two raw |
| subsistence farmers | |  | materials such as Ecuador which grows bananas. |
| •there are no powerful trading groupings | |  | When the price or demand for bananas falls, the |
| •poor or non-existent communications and | |  | country’s income can be badly affected. |
| infrastructure |  |  | This means countries may need to turn to borrowing |
|  |  |
|  |  |  | and increasing their debts. This limits their ability to buy |
|  |  |  | imports. |
|  |  |  | Ecuador has previously been involved in 'banana |
|  |  |  | wars' with the EU. This was an ongoing dispute over |
|  |  |  | import tariffs. In July 2014, agreement was reached to |
|  |  |  | improve tariff conditions. The Association of Banana |
|  |  |  | Exporters of Ecuador (AEBE), described the |
|  | Figure 7: Bananas in Ecuador | | agreement as wonderful. |

A diagram of a life cycle map of cotton t-shirts

Description automatically generated with low confidenceA person carrying a bunch of bananas

Description automatically generated

TRADE AND INEQUALITY

Examples of unfair global trade:

A picture containing mammal, screenshot, design

Description automatically generated

Dumping

Dumping is an unfair trade practice where products are exported at prices below their production costs.

The EU and the US subsidise some produce and goods, dumping them on developing countries while concurrently keeping international prices at low levels.

Millions of poor farmers in developing countries cannot compete against produce dumped in their countries at low prices.

A picture containing text, font, logo, design

Description automatically generated

Patent rights

In order to protect the interests of their businesses, rich countries have raised the levels of

protection on intellectual property rights, making developing countries suffer an extra cost of $40 billion per annum.

Affluent and powerful multinational corporations pressure their governments into increasing their levels of protection for intellectual property rights. This raises the prices of necessities such as seeds, medicines and computer software.

As a result, many people in poverty cannot afford the medicine they need. Experts believe that 14 million people die from curable illnesses every year.

If the price of medicine was set lower, more people’s lives could be saved.

Forcible opening of markets

For a long time, rich countries have been urging poor countries to open their markets, through the World Bank, International Monetary Fund (IMF) and international trade agreements, partly in order to dump their subsidised produce in these markets.

They are now utilising international trade agreements to eliminate all trade barriers.

A screenshot of a computer

Description automatically generated with medium confidence

Trade alliances

Towards the end of the 1990s a number of regional trade agreements came into existence.

Today there are in excess of one hundred. It is thought that just about every country in the world is involved in at least one agreement.

These agreements strengthen the political base of a country, ensure security and can even ensure food security between neighbours and trading partners through the use of price fixing, quotas and tariffs.

Some agreements have even worked to allow countries into the global economy. Vietnam's present day success is due almost exclusively to its entry into the Asian Free Trade Area (ASEAN).

The diagram below shows the different countries involved in various partnerships

TRADE AND INEQUALITY

Globalisation is now the dominant business environment and we are seeing new patterns of trade clearly emerge.

Developing countries are sometimes locked into unfair trading agreements with larger companies or large multinationals.

They can’t afford to withdraw as multinationals can easily take their business elsewhere.

Globalisation has not benefitted developing countries in the same way as developed countries.

75 per cent of world trade is carried out by Transnational Corporations. These are multinational companies, with a headquarters in a developed county, but many factories in developing countries.

They take advantage of cheaper labour costs in developing countries. Transnational companies include Coca-Cola, Microsoft and Ford.

A map of the world with different colored squares

Description automatically generated with low confidence

Figure 8: Showing the main global trading group

**TASK 2: TRADE AND INEQUALITY**

**TASK 2:**

**Complete the following tasks using the information above.**

1. What are TNCs? Define and give examples.
2. Explain why TNCs might be attracted to other countries. Pick two and explain them, using a named example of a TNC.
3. Explain how globalisation has made the world more interdependent. Is this a good or bad thing?
4. What % (roughly) of the world’s trade takes place between the G8 countries and who are the G8 countries? (research yourself).
5. What difference does it make if a country exports primary goods or manufactured goods?
   * Consider value of good when sold
   * Consider cost of good for them to produce/sell
6. What type of products are typically exported by developing/emerging countries and which are typically produced by developed? What impact might this have on development in those countries?
7. Who benefits more from this uneven relationship and why?
8. What is a quota and a tariff and what is the purpose of it?
9. What is a trade group/block? Name 4 and identify the countries/types of counties involved. (See figure 8 for help)
10. Why are groups like NAFTA (now USMCA) so powerful compared to developing countries that are not part of trade blocks?
11. Using Figure 6, describe how a t-shirts is made. At each stage, identify who carries this out and whether they benefit. In one sentence, summarise your findings.
12. What happened to Ecuador’s bananas? Why?
13. For 2 examples of uneven trade explain who benefits, who suffers and why.
14. How has globalisation changed the way that trade works? Write two PEEL paragraphs explaining two recent changes. Consider who benefits in each.

**WATER DISTRIBUTION**

The Earth is often called the “blue planet” because 70% of it is covered with water (see page 1 of this booklet!). The water can come in a variety of forms

* Liquid (oceans, lakes and stream)
* Solid ice caps and glaciers
* Gas (water vapour in the atmosphere

Water is essential for human life but as well as water for drinking, we also use it in hundreds of other ways – for growing crops, cooking food, washing clothes, in industry and in generating power.

Read this next section with reference to Figure 24

Around 97% of all the water on Earth is contained in the oceans, but this is too salty for us to drink. This leaves only 3% of all water available as freshwater.

Of that, 2/3rds is locked up in ice caps and glaciers and most of the rest is stored in soil, vegetation or deep underground in groundwater stores (aquifers).

A picture containing text, diagram, screenshot

Description automatically generatedThis leaves a relatively small proportion in streams, rivers, lakes and groundwater to provide people with the freshwater they need every day to live. This is why freshwater is regarded as a finite resource.

**TASK 3: Answer these questions**

a) How much of the world’s water is drink-able?

b) What is a glacier? And what is permafrost (Fig 24)

c) What are the main processes involved in the hydrological (water) cycle?

d) How many people lack access to clean, safe drinking water in the world today?

A diagram of different types of water

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Figure 24: Stacked bar charts showing the amount of accessible fresh water

A picture containing white, design

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Water is circulated and distributed naturally via the global hydrological cycle (see figure 25). Water circulates between the stores on land, in the oceans and in the atmosphere, and this circulation can be studied at a variety of scales – from global to local and over short to long timescales.

As a result of natural and human processes, there are significant inequalities in the distribution of freshwater. According to a 2015 United Nations (UN) assessment, 663 million people, approximately a tenth of the world’s population, lack of access to safe clean water. Water insecurity has become a significant global issues for the 21st century, as human threats to water security continue to increase as agriculture expands to produce more food and because of threats from climate change and transboundary water transfer issues. In 1995, the vice-president of the World Bank warned that “if the wars of this century were fought over oil the wars of the next century will be fought over water”. Unless we change our approach to managing this precious and vital resource.