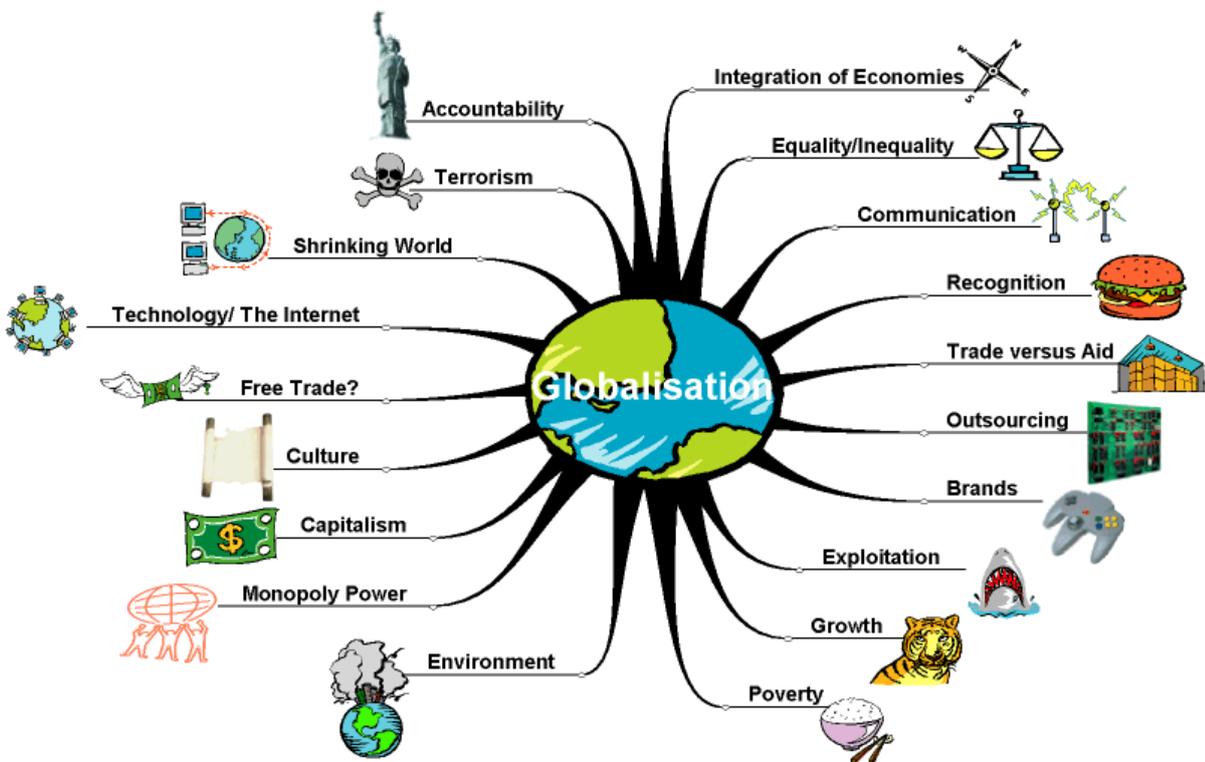
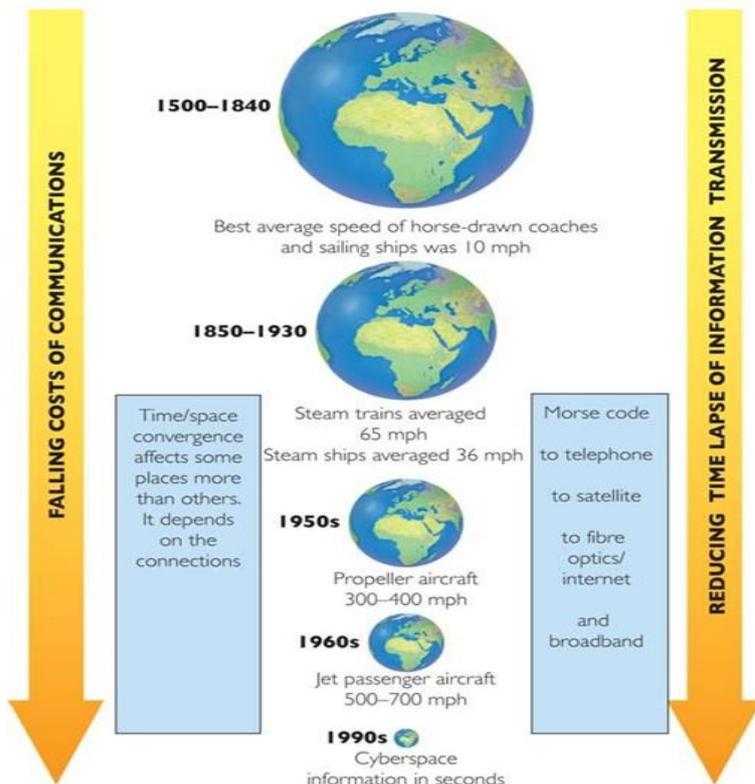


Edexcel – AS Level Globalisation Revision Booklet





What is globalisation?

It is defined as the increasing integration of economies, people and places around the world through the movement of goods, services and capital across borders. There are also further dimensions of globalisation such as cultural, political and environmental factors.

Shrinking world: This is when travel time between places decreases and distance declines in terms of its significance. It is generally brought about by transport innovations and improvements e.g. Airbus A380 flew from Paris to Adelaide in just 20 hours in 2013.

Economic globalisation

- The growth of TNCs accelerates cross-border exchanges of raw materials, components (steel) and finish manufactured goods, shares, investment and purchasing
- Information and communication (ICT) supports growths of complex spatial divisions of labour for firms
- Online purchasing using Amazon on a smart phone

Social globalisation

- International immigration has created extensive family networks across nation borders – leading to multi ethnic societies
- Global improvements in education and health can be seen over time, with rising life expectancy and literacy and slowly declining birth rates
- Social interconnectivity has grown thanks to the spread of universal connections such as mobiles, e-mail and the internet

Political globalisation

- The growth of trading blocs (e.g. EU, NAFTA) allows TNCs to merge and make acquisition of firms in neighbouring countries, while reduced tariff makes it grow
- Global concerns such as free trade, credit crunch and global response to natural disasters (Tsunami Japan 2011)
- The World Bank, IMF and the WTO work internationally to harmonise national economies

Cultural globalisation

- Successful western cultural traits come and dominate e.g. Americanisation or McDonaldisation
- Globalisation of hybridisation are more complex and take place when old local cultures merge and meld with influences
- The circulation of ideas and info has accelerated thanks to 24-hour reporting: people also keep in touch using Facebook and Twitter.

Key terms:

TNCs / Transnational Corporations: Businesses that operate across the world. Both as the maker and sellers of goods and services. Many of the largest are instantly recognisable 'global brands' that bring cultural change to places where products are consumed. E.g. Nike, Coke, McDonalds.

What are the main global flows?

1. Capital (money)

Money flows are vast and daily in the World's stock markets. Various businesses including banks, pension funds and travel agents buy and sell money in different currencies to make profit. In 2013 an exchange in foreign transaction was logged at \$5 Trillion per day.



2. Commodities (materials)

Rare/Valuable raw materials such as fossil fuels, food and minerals have always been traded between countries. Manufactured goods in recent years has skyrocketed (Cheap labour China). Today the World's GDP just falls short of \$80 Trillion. 1/3 of this is generated by agricultural and industrial cargos.



3. Information

Technology such as the World Wide Web (www) has allowed us to purchase products at the click of a button. Social networks (Facebook (1.5 billion users), Snapchat (over 30 million) and Twitter (700 million) have ballooned in size. On demand TV has increased data usage further. Information is sorted in huge 'server farms' such as Google's in Berkeley County, South Carolina.



4. Tourists

The majority of air passengers are tourists. Budget airlines have made distance places easy to reach for tourists of higher income nations. However people from emerging economies are travelling abroad too, using budget airlines such as Air Asia and East Africa's Fast Jet. (China is now the World's biggest spender on international travel with around 120 million outbound trips made last year).



5. Migrant

Of all global flows, this faces the most obstacles due to boarder control and strict immigration laws. As a result most governments have a 'pick and mix' attitude towards some flows. They welcome flows such as commodity flows but resist migrant flows unless there is a demand. E.G. Dubai encouraging the migrant flow of Indian construction workers. Despite restrictions, record flows of people are recorded each year. The combined number of economic migrants and refugees worldwide was almost ¼ of a billion in 2013. The same year however \$500 billion worth of payments were sent home by migrants.



Key term

Interdependent: When two places become reliant on financial or political connections. For example, if an economic recession affects a host country for the worst, it will also impact migrant workers. The economy of the source country may shrink too due to falling remittances (money sent home from migrants).

Transport and trade

Transport and trade have always gone hand in hand. Transport improvements allow trade values to increase, but equally, the major trading powers continually seek to improve transportation, resulting in a constant cycle of growth and innovation. As transport developments keep occurring, TNCs see nothing but benefits. In 1900s large manufacturing companies such as Ford Motors were able to export their products more globally. Over time this led to the expansion of its sites. The main aims were to reduce labour costs and find places where it was cheaper to produce the goods.



Innovations in transport:

Steam Power - Britain became the leading world power in the 1800s using steam technology. Steam ships and trains moved goods and armies quickly along trade routes in Asia and Africa.

Railways - In the 1800s, railway networks expanded globally. By 1904, the 9000km Trans-Siberian railway connected Moscow with China and Japan! Today, railway construction remains a priority for governments across the world (E.g. London to Northern England in just 2 hours). The bullet train in Japan reaches speeds of 400kph/250mph

Jet Aircraft - Early aircrafts changed the world socially, economically, and politically in a way that had never been done before. Jet aircraft generally cruise at faster than about 609 mph, cutting travel times massively. After the WWI airliners began to develop and catered towards commercial flights. Flights during the early 1900s were only short (1 – 2 hours max). Long-haul flights were expanded during the 1930s as both Pan American Airways and Imperial Airways competed in the provision of transatlantic travel using flying boats such as the British Short Empire. This prefigured the dramatic growth of transatlantic travel in the post-war period. An airliner is typically defined as an aircraft intended for carrying multiple passengers or cargo in commercial service.

Container ship - Container ships are cargo ships that carry all of their load in truck-size containers. Although containerization caused a revolution in the world of shipping, its introduction did not have an easy passage. Ports, railway companies, and shippers were concerned about the huge costs of developing the ports and railway infrastructure needed to handle container ships. Containerization has lowered shipping expense and decreased shipping time, and this has in turn helped the growth of international trade. Cargo that once arrived in cartons, crates, bales, barrels or bags now comes in factory sealed containers, with no indication to the human eye of their contents, except for a product code that machines can scan and computers trace. This system of tracking has been so exact that a two-week voyage can be timed for arrival with an accuracy of under fifteen minutes. It has resulted in such revolutions as on time guaranteed delivery.

easyJet

The easyJet airline was founded by Sir Stelios Haji-Ioannou in 1995 (Figure 12.8). It began as a small venture running flights solely within the UK. Most of Europe's major cities are now interconnected via easyJet's cheap flight network.



Figure 12.8 easyJet began with just two aircraft

At the start, the airline had just two aircraft. Inaugural flights from London Luton to Edinburgh and Glasgow were supported by the advertising slogan 'Making flying as affordable as a pair of jeans -

£29 one way'. In 1996, flights to Barcelona commenced and thereafter the company expanded at breakneck speed. It now has around 300 flight routes within the EU and several that extend beyond, to Egypt, Morocco, Turkey and Israel (Table 12.1).

Table 12.1 Growth in easyJet passenger numbers, 1995-2014

Year	Passengers numbers
1995	30,000
1996	420,000
1998	1,880,000
2000	5,970,000
2002	11,400,000
2006	32,950,000
2010	48,800,000
2014	65,000,000

By 2014, the company owned 200 aeroplanes (both Airbus and Boeing), carrying 65 million people to their destinations that year and bringing in revenues of nearly £4 billion. Places that easyJet adds to its flight network immediately become switched-on to a greater degree. For instance, Tallinn in Estonia is a city that is home to 400,000 people. In 2004, easyJet began to fly British tourists there for just £40 each. Suddenly, the city became an affordable destination for UK citizens, especially groups of young men and women seeking a cheap but interesting destination for 'stag' and 'hen' weekends.

Key terms:

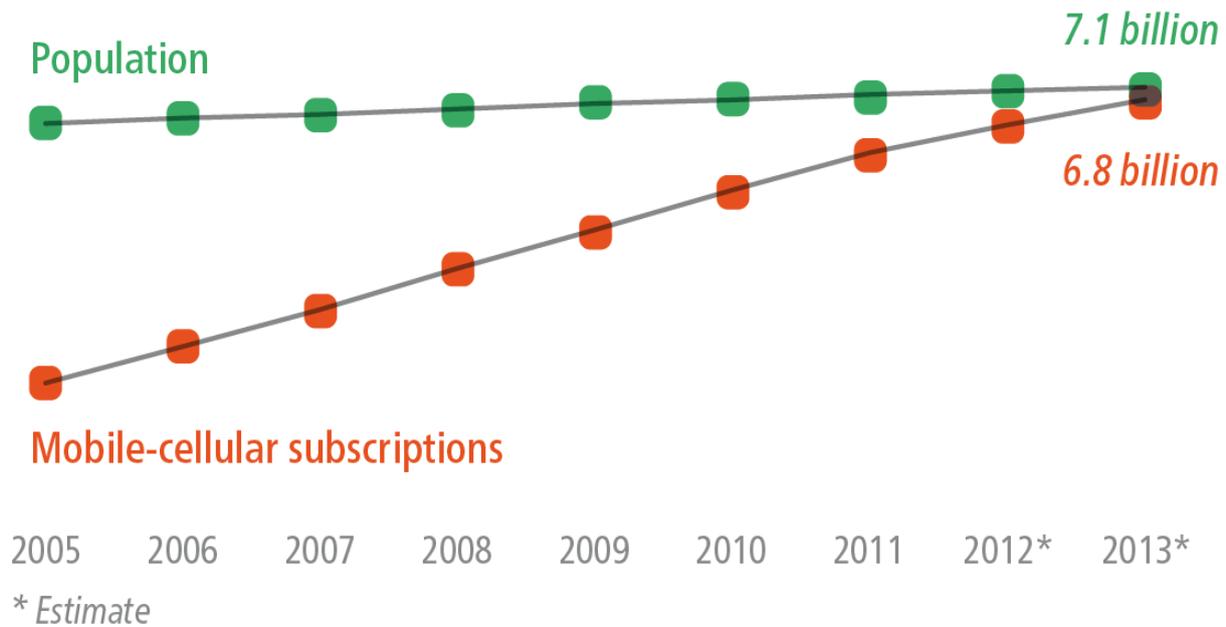
Spatial division of labour: The common practice among TNCs of moving low-skilled work abroad/offshore to place where costs are low. Important skilled managerial roles tend to remain in the place of origin.

Development of communication

<p>Telephone</p> 	<p>The telegraphs successor remains one of our core technologies for communication across distances. In parts of Africa where landline cables have never been laid, people are technologically 'leap-frogging' straight to mobile phone use!</p>
<p>The internet, social networks and Skype/face time</p> 	<p>The 'internet' began life as part of a scheme funded by the US Defence Department during the Cold War. The early computer network ARPANET was designed during the 60s as a way of linking important research computers in just a handful of different locations. Since then, connectivity between people and places has grown exponentially. By 2014, 5 billion Facebook 'likes' were being logged daily.</p>
<p>Broadband & fibre optic</p> 	<p>The growth of this type of technology was predominantly seen in the 1990s. Large amounts of technology could be moved quickly through cyberspace. Today vast amounts of data are conveyed across the ocean floor by fibre optic cables owned by national governments and TNCs such as Google. More than 1 million kilometres of flexible undersea cables (about the size of a garden hose) carry all the worlds' emails, searches, posts and tweets.</p>
<p>Telegraph</p> 	<p>The first cables for this type of technology were placed across the Atlantic in the 1860s which replace a 3 week boat journey. The revolutionised businesses.</p>
<p>GIS (Geographical Information Systems) GPS (Global Positioning Systems)</p> 	<p>The first satellite for this type of technology was launched in the 1970s. There are now 24 situated 10,000km above earth carefully mapping the earth's surface. These satellites continuously broadcast position and time data to users throughout the world. Deliveries can be tracked by companies using tracking systems helping manage commodity flows.</p>

In countries where lack of communications infrastructure has traditionally been a big obstacle to economic growth, mobile phones are now changing lives for the better by connecting people and places.

In 2005 6% of Africans owned a mobile phone. By 2015 this figure has risen to 70% due to falling prices and the growth of provider companies. Rising uptake in Asia (India has over 1 billion phone subscribers) means there are now more mobile phones than people on the planet!



M-Pesa – Kenya

- The equivalent of one-third of Kenya’s GDP is now sent through M-Pesa annually
- People in towns and cities use mobiles to make payments for utility bills and school fees
- In rural areas, fishermen & farmers use mobiles to check market prices before selling
- Women in rural areas are able to secure microloans from development banks by using M-Pesa bills as proof they have good credit. This is lifting families out of poverty!



Key terms:

Foreign Direct Investment (FDI): A financial addition made by a TNC into a nation’s economy, either to build new facilities (factories or shops) or to acquire/merge with a firm already based there.

BRICS Group: The four large (fast growing) economies – Brazil, Russia, India, China and more recently South Africa.

Digital Divide: a term that refers to the gap between people and regions that have access to modern information and communications technology, and those that don't or have restricted access. This technology can include the telephone, television, personal computers and the Internet.

Why are some global flows seen as a threat?

- Imports of raw materials and commodities can threaten a nation's own industries.
- Migrants can bring cultural change and religious diversity. Not everyone welcomes this.
- Information can provide citizens with knowledge that their governments find threatening
- Many examples can be found of national governments (both authoritarian (strict) and democratic (independent) attempting to isolate or protect themselves from global financial and trade flows, including foreign direct investment organisations. E.g. The World Bank work hard to persuade countries to take a different approach.

Work of international organisations

For decades, three international organisations have acted as 'agents' of globalisation through the promotion of free trade and FDI.



1. International Money Fund (IMF)
2. World Bank
3. World Trade Organisation (WTO)



Table 12.3 Evaluating the role of international organisations in globalisation

	IMF	World Bank	WTO
Role in globalisation	Based in Washington, DC, the IMF channels loans from rich nations to countries that apply for help. In return, the recipients must agree to run free market economies that are open to outside investment. As a result, TNCs can enter these countries more easily. The USA exerts significant influence over IMF policy despite the fact that it has always had a European president.	The World Bank lends money on a global scale and is also headquartered in Washington, DC. In 2014, a US\$470 million loan was granted to the Philippines for a poverty-reduction programme, for instance. The World Bank also gives direct grants to developing countries (in 2014, help was given to the Democratic Republic of the Congo to kick-start a stalled mega-dam project).	The WTO took over from the General Agreement on Trade and Tariffs in 1995. Based in Switzerland, the WTO advocates trade liberalisation, especially for manufactured goods, and asks countries to abandon protectionist attitudes in favour of untaxed trade (China was persuaded to lift export restrictions on 'rare earth' minerals in 2014).
Evaluation	IMF rules and regulations can be controversial, especially the strict financial conditions imposed on borrowing governments, who may be required to cut back on health care, education, sanitation and housing programmes.	In total, the World Bank distributed US\$65 billion in loans and grants in 2014. However, like the IMF, the World Bank imposes strict conditions on its loans and grants. Controversially, all World Bank presidents have been American citizens.	The WTO has failed to stop the world's richest countries, such as the USA and UK, from subsidising their own food producers. This protectionism is harmful to farmers in developing countries who want to trade on a level playing field.

2 The World Bank

The World Bank was formed to finance economic development. It uses bank deposits placed by the world's wealthiest countries to provide loans for development in countries that agree to certain conditions concerning repayment and economic growth. Its first loan was to France for post-war reconstruction. It also focuses on natural disasters and humanitarian emergencies.

Figure 3 Greek police at an anti-austerity protest after 2008

1 The IMF

Like the World Bank, the IMF lends money for development purposes. However, its primary role is to maintain international financial stability. In return for loans, it tries to force countries to privatise (or sell off) government assets in order to increase the size of the private sector and generate wealth. Many observers believe that this policy has forced poorer countries to sell off their assets to wealthy TNCs.

The IMF also exists to stabilise currencies – and therefore countries – in order to maintain economic growth, such as its involvement in the Greek debt crisis in the years after the 2008 financial crash. From 2008 onwards, Greece was forced to cut back on its government expenditure – known as austerity. Many protests occurred in Greece against these cutbacks forced on the country by other Eurozone countries and the IMF.



3 The WTO

Since 1945, governments have been keen to use trade as a way of generating economic growth in the world's poorer regions. The WTO (and its predecessor the ITO) believes in Free Trade without subsidies or tariffs (duties) – known as **barriers**. Removing barriers is known as 'trade liberalisation'. The WTO advocates for trade liberalisation, and seeks to encourage all trade between countries free of **tariffs**, **quotas** (i.e. set amounts which could not be exceeded), or **restrictions** on trade (e.g. by preferring to trade with some countries over others). By 2016, it had 162 member states.

Inter-governmental Organisations (IGOs)

Amongst the most influential players are partnerships constructed by governments of the world's wealthiest countries to develop policies of mutual interest (e.g. tax payments by TNCs). Some develop informal economic partnerships, e.g. China's engagement with sub-Saharan African governments (see Figure 5).

Other IGOs are more formalised and have significant influence, including:

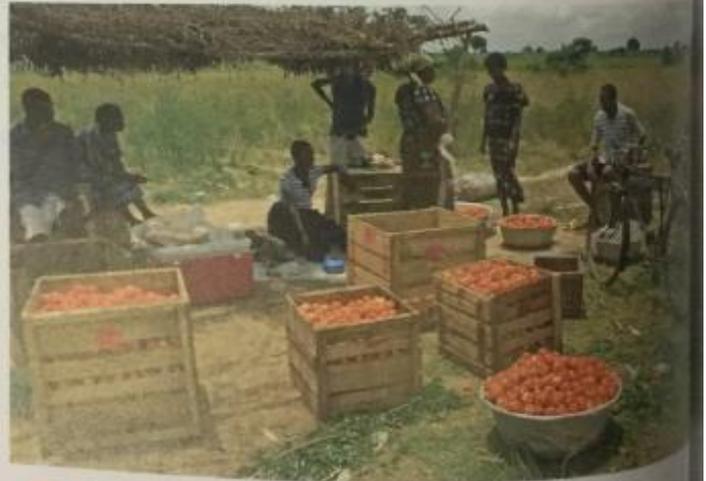
- ◆ OPEC, which represents 40% of global oil producers and therefore influences oil prices.
- ◆ OECD (Organisation for Economic Co-operation and Development), which is a global 'think tank' of the 34 wealthiest nations.
- ◆ The G8 (the USA, UK, France, Canada, Germany, Italy, Japan and Russia) – who between them represent 50% of global GDP. It meets annually to discuss development.
- ◆ The G20, which comprises 19 individual countries plus the EU. It was formed in 1999 to bring together developed and developing economies to discuss key economic issues (e.g. debt relief).

Case study 1: Ghana's cocoa trade

During colonial times, when it was ruled by Britain, Ghana was the world's largest producer of cocoa. The British government set the price that Ghanaian farmers would receive. Since independence in 1957, three factors now dictate global cocoa prices:

- ◆ **Commodity traders.** In financial centres, such as London, traders buy cocoa in advance for TNCs like Cadbury, on what is known as the **futures market**. This guarantees the supply, price and delivery date of the product months ahead. However, other cocoa growers, such as Ivory Coast, also supply TNCs – which puts downward pressure on prices by giving the commodity traders alternative sources to negotiate with.
- ◆ **Overseas tariffs.** Although WTO rules seek tariff-free international trade, the EU sets tariffs for processed cocoa – but none for raw cocoa beans. Ghana could gain extra income and employment by processing its cocoa beans into powder or chocolate before export. The value-added would be higher, but tariffs would then be applied on entry to the EU – driving up the price for anyone who buys the product. This forces Ghana to export raw cocoa beans instead.

- ◆ **Unequal power.** Ghana joined the WTO in 1995. Until then, its government had subsidised Ghanaian farmers to encourage food production for its growing urban population. But the WTO imposed a joining condition that Ghanaian farmers should not be subsidised (even though the USA and EU freely pay subsidies to their own farmers). As a result, Ghanaian farmers cannot compete with imported and subsidised American or European foods. Some Ghanaian rice producers and tomato growers (see Figure 6) have given up altogether.



◆ **Figure 6** Tomato farmers in Ghana now find themselves unable to sell their own crop, because cheap subsidised imports from the EU have flooded the market

Case study 3: Cotton in Guatemala

In the 1980s, 75% of Guatemala's cotton crop was exported. The income generated was used to buy pesticides, machines and equipment for future crops. However, if Guatemala had processed its raw cotton into finished clothes, and then exported these instead, its export earnings would have been greater (a similar situation to that of Ghana's cocoa crop). More significantly, only 1% of the land devoted to cotton production would have been needed to generate the same income – leaving Guatemalans able to grow other crops and open new markets. Instead, WTO policies made this difficult. Guatemala was tied to exporting raw cotton, until competition from other countries ended production completely in 2005. TNCs now import raw cotton into Guatemala and use its workforce to produce cheap T-shirts for export.

Case study 2: Vietnam calling

Agreeing to WTO rules can help countries to forge new trade links. In 2014-15, the EU and ASEAN negotiated new trade deals. One of the largest took place in August 2015 – with Vietnam. It removed all import duties and quotas on items traded between EU countries and Vietnam. Over 31 million jobs in Europe depend on exports, so having easier access to a growing and fast-developing market like Vietnam, with its 90 million consumers, is great news. Before the deal, the value of EU trade with Vietnam in 2014 was already US\$30 billion.

- ♦ Vietnam exports the following items to the EU: telephones, electronic goods, footwear, clothing, coffee, rice, seafood and furniture.
- ♦ The EU exports the following items to Vietnam: electrical machinery, aircraft, vehicles and pharmaceuticals.

Vietnam's labour costs are lower than China's, so Western consumers can now benefit from lower prices – the race to the bottom continues!



Figure 7 This Vietnamese woman is likely to be kept busy as a result of trade deals between the EU and Vietnam

The **Bretton Woods System** is a financial management system.

That improved financial relations between the major players (United States, Canada, Western Europe, Australia and Japan in the mid-20th century)

It was formed after the WWII to re-establish the world economy and return it to its status before the Great Depression of the 1930s, when global economic downturn led to free trade being blocked by 'protectionism' (when the government restricts or restrains international trade, with the intent of protecting local businesses and jobs from foreign competition).

Nations blocked foreign imports with tariffs, damaging the export markets for countries, resulting in a vicious spiral impacting on the economic production for all major players.

Key terms:

Foreign Direct Investment (FDI): A financial injection made by a TNC into a nation's economy, either to build new facilities (factories) or to acquire, or merge with, an existing firm based there

BRICS Group: The four large NEEs = Brazil, Russia, India, China and South Africa

Types of FDI:

Table 12.4 Different types of foreign direct investment

Offshoring	Some TNCs build their own new production facilities in 'offshore' low-wage economies. For instance, US guitar-maker Fender opened its Mexican plant at Ensenada in 1987 (Figure 12.13).
Foreign mergers	Two firms in different countries join forces to create a single entity. Royal Dutch Shell has headquarters in both the UK and the Netherlands.
Foreign acquisitions	When a TNC launches a takeover of a company in another country. In 2010, the UK's Cadbury was subjected to a hostile takeover by US food giant Kraft. The UK has few restrictions on foreign takeovers. In contrast, the Committee on Foreign Investment in the USA closely scrutinises inbound foreign takeovers.
Transfer pricing	Some TNCs, such as Starbucks and Amazon, have sometimes channelled profits through a subsidiary company in a low-tax country such as Ireland. The Organisation for Economic Cooperation and Development (OECD) is now attempting to limit this practice.

Key terms:

Trickle-down: The positive impacts on outer regions (and poorer people) caused by the creation of wealth in core regions (richer people)

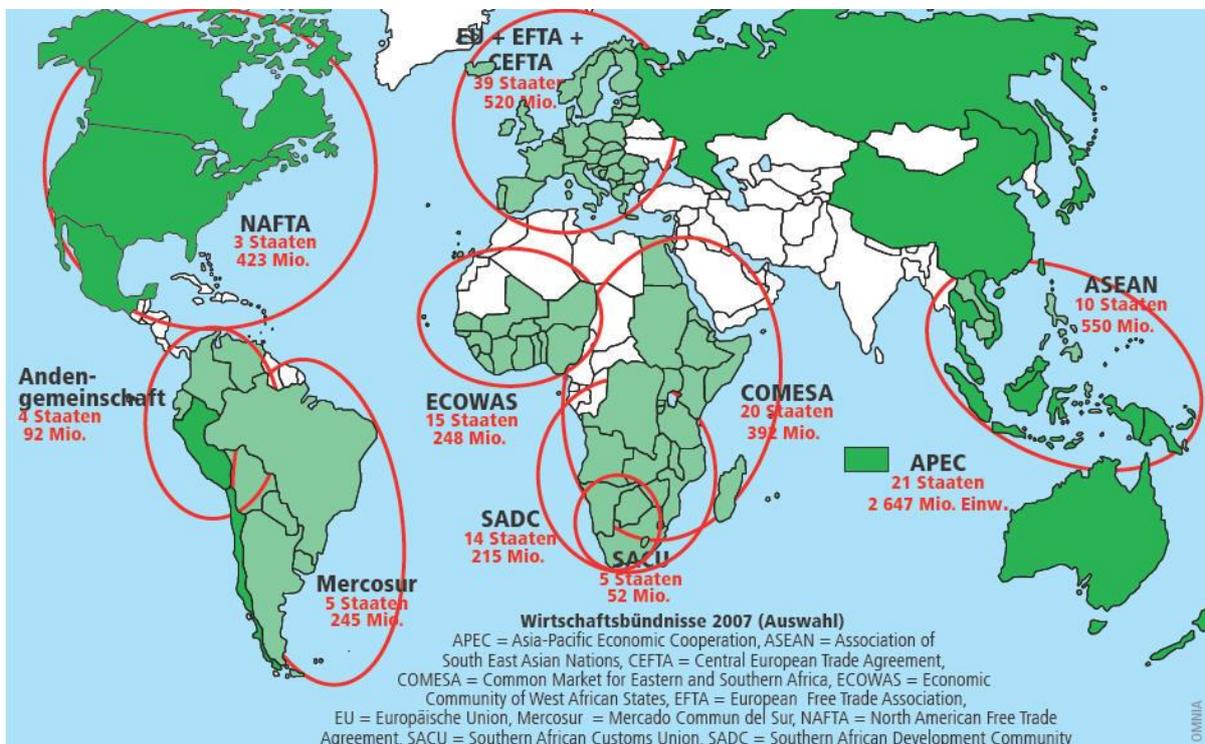
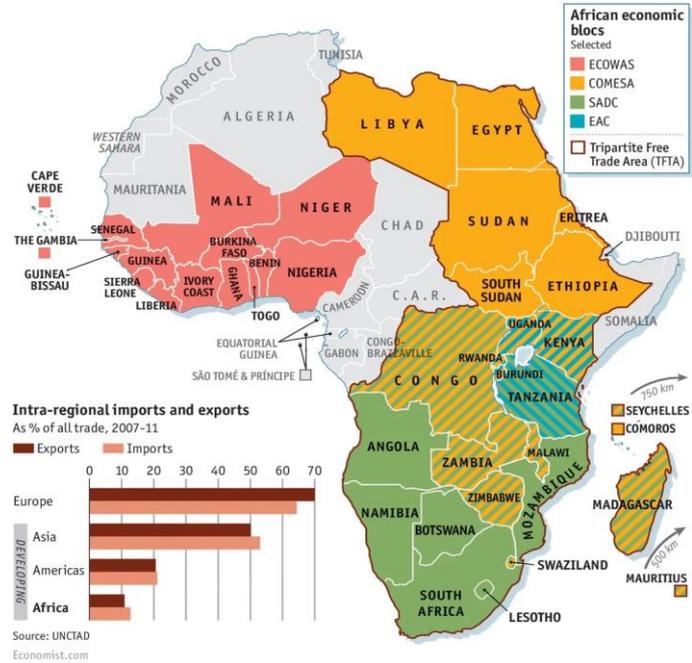
Free trade blocs: Voluntary international organisations that exist for trade purposes, bringing greater economic strength and security to nations.

Trade Blocs

Governments have been keen to push/promote trade blocs (organisations that exist for trade purposes). It allows government to trade more freely with other governments. Within a trade bloc agreement free trade is encouraged by the removal of tariff and as we have learned brings numerous benefits.

Benefits of trade blocs include:

1. Through removing barriers to trade we know companies/TNCs/market will grow! E.G. in 2004 when countries such as Croatia joined the EU in 2004, TESCO (UK firm) gained an extra 75 million customers!
2. Firms that can produce a lot of products gain a lot. E.g. French wine-makers grow grapes quickly due to the perfect climate and can distribute across free Europe.
3. Smaller firms can merge with TNCs making their operation more cost effective. E.G. Telefonica (a Spanish company) The Company provides its products under the brands of Movistar, O2, and Vivo. Some of which have merged with the bigger company.



TRADE BLOCK	WHEN AND WHERE	AIMS/RULES	POLITICAL AGREEMENTS/LAWS	CHANGED OVER TIME?
EU	1851 – ECSE (France and Germany) 1991 – EU more members	Aim to boost economy. Improve agriculture. Maintain peace and free movement of people.	Many. Moving countries, trade, environment, human rights.	Membership increased. Set up Eurozone (could change)
NAFTA	1994 – USA, Mexico, Canada	Removed some tariffs. 2008 all removed. Free trade.	Working mutual security. Economic growth. Good relationship. Regulates the environment.	Trade increased. 10% each year. Manufacturing jobs lost. Want to expand FTA.
CARICOM	<i>1973 - Caribbean Community and Common Market.</i> E.g. Barbuda; the BAHAMAS; BARBADOS; BELIZE; Dominica; GRENADA; GUYANA; Jamaica;	promote economic integration and cooperation among its members	Ensure that the benefits of integration are equitably shared, and to coordinate foreign policy	
COMESA	1994 replaced preferential trade area. In 1981. Nine states e.g. Madagascar, Malawi, and Sudan.	They are an organisation of free independent sovereign states which have agreed to cooperate in developing their natural and human resources for the good of all people.	Working on the eventual elimination of quantitative restrictions and other non-tariff barriers. Food/transport. Members get benefits. Competitive market.	20 countries. Council of ministers. HQ in Zambia. Started to get involved in security.
ASEAN	South east Asia – 1967. China, India, Japan, Russia and South Korea.	Long term security. Resolve conflict. Economic prosperity. Nuclear weapon free treaty. 2004 – Security plan.	Nuclear weapon free treaty. Security.	Volatile agreement.

The European Union and ASEAN



The European Union (EU) has evolved over time from being a simple trade bloc into a multi-governmental organisation with its own currency (the Euro) and some shared political legislation (Figure 12.18). Member states are eligible for EU Structural Funds to help develop their economies, while agricultural producers in the region all benefit from farm subsidies issued under the Common Agricultural Policy (CAP). The EU also helps cities gain a global reputation by awarding prestigious titles such as 'Capital of Culture' or 'European Capital of Innovation' (given to Barcelona in 2014).

Year	Events
1950	Schuman Plan proposes a European Coal and Steel Community (ECSC).
1952	ECSC is created.
1957	Treaty of Rome establishing the European Economic Community (EEC) is signed by Belgium, France, Germany, Italy, Luxembourg and the Netherlands.
1958	EEC comes into operation.
1962	Common Agricultural Policy (CAP) is agreed.
1968	Customs union completed.
1973	UK, Ireland and Denmark join the EEC.
1979	European Monetary System established; first direct elections to the European Parliament.
1981	Greece joins.
1993	European Union (EU) is established as the Maastricht Treaty comes into force.
1995	Austria, Finland and Sweden join the EU, which now has fifteen members.
2002	Euro notes and coins come into circulation in twelve of the fifteen EU member states.
2004	Ten new member states join the EU – Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia; EU Constitutional Treaty agreed.
2007	Romania and Bulgaria join the EU.
2008	Kosovo declares independence supported by the EU.
2009	Eurozone financial crisis begins – Greece, Spain and Ireland all face difficulty.
2011	Germany agrees to financial rescue package to help tackle crisis.
2013	Croatia joins the EU, bringing the total number of members to 28.
2016	UK government holds referendum on EU membership.

Figure 12.18 EU timeline

The decision taken by European governments to hand power to the European Parliament was not taken lightly. Two world wars prompted European countries to seek political unity and economic interdependency. What better way to avert further armed conflict in Europe?

The EU is the only group of nations that grants all citizens of member states freedom of movement. Elsewhere in the world, free flows of people do not take place as a result of trade bloc formation. Most national borders were removed within Europe in 1985 when the Schengen Agreement was implemented (the UK and Ireland had remained outside the Schengen Area so were provided with opt-outs).

ASEAN (the Association of South East Asian Nations) has ten member states and a combined population of 600 million people. Established in 1967, ASEAN's founding members include high-income Singapore and the emerging economies of Indonesia, Malaysia and the Philippines. Over time, they have worked to eliminate tariffs in favour of free trade. The enlarged ASEAN market has helped Indonesia's manufacturing industries to thrive, while the Philippines has gained a global reputation for its call centre services. ASEAN is now expected to develop further into a single market called the ASEAN Economic Community (AEC). This will operate along similar lines to the EU and may ultimately allow free movement of labour and capital. The ASEAN agreement also promotes peace and stability: its members have pledged to not have nuclear weapons (Figure 12.19).

Synoptic themes:

Players

The EU and ASEAN

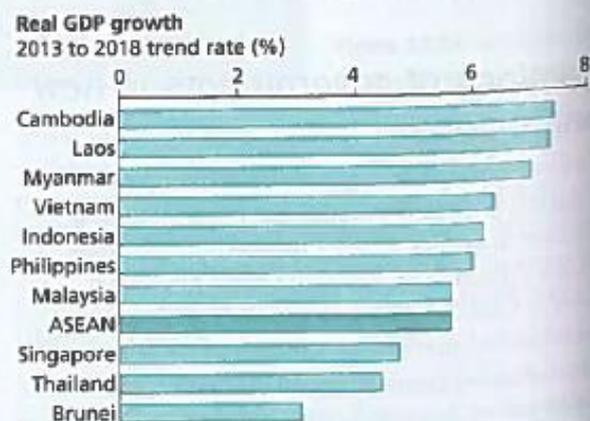


Figure 12.19 Predicted growth rates for ASEAN member states, 2013–18 (source: ASEAN)

The switched on and switches off

Calculating a countries globalisation score (KOF Index)																															
1	<p>Collect data relating to:</p> <ul style="list-style-type: none"> • Economic globalisation (trade/FDI figures from the World Bank; import tariff rates) • Political globalisation (the number of foreign embassies in a country; the number of UN peace-keeping missions a country had participated in) • Social/Cultural Globalisation (the volume of international ICT traffic, tourist flows and international mail; households with a TV set; import and exports of books) 																														
2	<p>Analyse the new data by:</p> <ul style="list-style-type: none"> • Converting all 24 variable into an index value with a scale of 1 – 100 • Substituting missing data with the most recent data available • Averaging the individual scores to give a final score out of 100 																														
3	<p>Compare the new scores with previous scores dating back to 1970</p> <div data-bbox="331 786 1289 1352"> <p>The world's most globalised countries are in the EU Index rankings of the world's top 15 most globalised nations</p> <table border="1"> <tbody> <tr><td>Ireland</td><td>91.30</td></tr> <tr><td>Netherlands</td><td>91.23</td></tr> <tr><td>Belgium</td><td>91.00</td></tr> <tr><td>Austria</td><td>90.24</td></tr> <tr><td>Singapore</td><td>87.49</td></tr> <tr><td>Sweden</td><td>86.59</td></tr> <tr><td>Denmark</td><td>86.30</td></tr> <tr><td>Portugal</td><td>86.29</td></tr> <tr><td>Switzerland</td><td>86.04</td></tr> <tr><td>Finland</td><td>85.64</td></tr> <tr><td>Hungary</td><td>85.49</td></tr> <tr><td>Canada</td><td>85.03</td></tr> <tr><td>Czech Republic</td><td>84.10</td></tr> <tr><td>Spain</td><td>83.56</td></tr> <tr><td>Luxembourg</td><td>83.54</td></tr> </tbody> </table> </div>	Ireland	91.30	Netherlands	91.23	Belgium	91.00	Austria	90.24	Singapore	87.49	Sweden	86.59	Denmark	86.30	Portugal	86.29	Switzerland	86.04	Finland	85.64	Hungary	85.49	Canada	85.03	Czech Republic	84.10	Spain	83.56	Luxembourg	83.54
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Hungary	85.49																														
Canada	85.03																														
Czech Republic	84.10																														
Spain	83.56																														
Luxembourg	83.54																														

1. A business research company (**KOF**) produces annual rankings for globalisation. In 2016 Ireland, The Netherlands and Belgium were the world's most globalised countries. Whereas Somalia, Afghanistan and Eritrea to name a few, were the least globalised.
2. Another organisation that measures globalisation is the **A.T. Kearney World City Index**. They ranked New York, London, Paris Tokyo and Hong Kong as the top five 'alpha' world cities for trade. This is established by analysing a city's business activity, cultural experiences, political engagement, and the number of TNC headquarters, museums and foreign embassies.
3. The KOF and Kearney Index combine many data sources that can be critiqued on the grounds of reliability or legitimacy. Some data sets are a product of crude averaging leaving statistical gaps. Others are arguably poor proxies for globalisation (hours watching TV for example). However they do provide an interesting starting point of us being able to analyse globalisation data.

Glocalisation

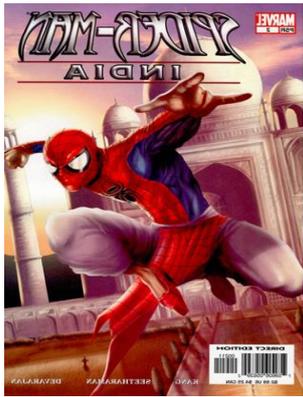
This refers to the changing design of products to meet the local tastes or laws e.g. 'McArabia' to cater to halal. It is a very common strategy used by TNCs to conquer new markets. It makes a lot of 'business sense' as there are many geographical variations such as:

- People's tastes (Cadburys makes Chinese chocolate sweeter as it is preferred that way)
- Religion and culture (McArabia / Dominos offer more vegetarian options in Hindu neighbourhoods / MTV Arabia avoids showing sexualised music on its Middle Eastern channel;
- Laws (the driving seat is position differently for UK markets)
- Local interest (reality shows such as Jersey Shore gain larger audiences if they are re-filmed using local people from different countries e.g. Geordie shore)
- Lack of availability (raw goods) – SABMiller (beverage company) uses cavassa to brew beer in Africa, this cuts costs of importing barley).



Remember – not all companies need to glocalise products. For some TNCs the 'authentic' brand is what generates sales e.g. Nike. For others e.g. oil companies, glocalisation serves little purpose.

Different approaches used by TNCs

Walt Disney	McDonald's	Lego
<p>In 2009 Disney released its first Russian film 'Book of Masters' based on a Russian fairy tale and used local talent to voice characters. Disney acquired Marvel in 2009 gaining superhero characters some of which have been already glocalised e.g. Spiderman India.</p> 	<p>By 2012, McDonald's has established 35,000 restaurants in 119 countries. In India, the challenge was to cater to Hindus and Sikhs, who are traditionally vegetarian, and also Muslims (halal) and Jews (kosher) who do not eat pork. Chicken burgers are served along McVeggie and McSpicy. In 2012 McDonalds opened a vegetarian restaurant for Sikh pilgrims visiting Amritsar, home to the global temple.</p> 	<p>Unlike Disney and McDonald's, Lego has not glocalised its products. Since 1949, the Danish plastic company has gradually been creating more complex designs. In 4 locations; Denmark, Hungary, Czech Republic and Mexico. Like Apple and Samsung, Lego makes products with a genuine global appeal e.g. Harry Potter & Marvel Lego. They do not take local tastes into account.</p> 

Switched-off places



North Korea

For nearly 70 years, North Korea has been ruled as an autocracy by a single family (King Jong un is its current leader). They have chosen deliberately to remain politically isolated from the rest of the world.

- Ordinary citizens do not have any access to the internet or social media.
- There are no undersea data cables connecting North Korea with anywhere else.
- A visiting journalist observed it that was the only country he had ever travelled to where nobody knew the song 'Yesterday' by The Beatles.

North Korea divided from South Korea in 1948. South Korea has since become a developed country which is home to Samsung and other global brands. A comparison of the two countries, and the policies of their governments, illustrates clearly how political decision making affects globalisation.

The Sahel region

Poverty affects the overwhelming majority of people in some of Africa's Sahel nations, such as Chad, Mali and Burkina Faso. These are some of the world's **least developed countries** (LDCs) and there are many reasons for the development challenges they face. The mismanagement of natural resources and human resources has played a role, dating back to

colonial times. LDCs lacking a coastline, such as Chad, may struggle to attract FDI. Arid conditions and desertification give rise to further development challenges. In particular, extreme environmental conditions increase the cost of providing infrastructure, such as railways or ICT networks, in regions where poverty has meant there is limited market potential to begin with.

When people in these countries do become linked with the wider world, it tends to be a shallow form of integration. Subsistence farmers may become dependent on flows of food aid from charities in OECD nations. Some farmers grow cash crops for TNCs, for instance cotton producers in Mali. Wages are so low, however, that workers have negligible spending power. Thus, global brands do not yet view these places as viable markets, leaving them relatively switched off from consumer networks.

Change may soon come to the region though. Rapid economic growth is happening in neighbouring countries like Nigeria. Already, a minority of Sahelian people do interact with the rest of the world in surprising ways:

- Mali's folk musicians have a large global following on YouTube
- conflicts in the region involve groups linked with al-Qaeda's global terror network.

The global shift

When did it begin?

It began in the 1970s and 1980s. Manufacturing work from Europe and the USA started to migrate to Asian countries such as Japan and Hong Kong. These Asian countries that became involved in the shift early have now become major players in the globalised economy. The countries include Japan, South Korea, Hong Kong, China, and India.

What accelerated it?

Individual Asian countries such as Indian/China began to allow overseas companies access their markets "Open Door Policy". TNCs began to seek new areas for manufacturing (e.g. China) and for outsourcing (e.g. call centres in India).

FDI began to flow into the emerging or re-emerging Asian countries.

Winners of the global shift

- Many New Emerging Economy countries (NEEs) have attracted lots of investment (FDI) from TNCs due to cheap labour etc.
- This investment helps reduce poverty, improve infrastructure, better education and incomes.

Losers of the global shift

- Various regions in HIC (Higher Income Countries) also face social and environmental problems as a result of global shift.
- Towns / cities which were once dominated by factory work are now left with new problems such as dereliction, contamination, unemployment, deprivation and depopulation.

Global shift in NEEs- China

North-south divide

The 'rice theory' suggests that the history of subsistence farming, wheat and rice, explains psychological differences between Chinese living in the north and south



The shift mainly occurred due to manufacturing. China has been the world's largest recipient of FDI since 2000 and its share of global trade had rose from 7% in 2001 to 10% by 2013. Rapid industrialisation in China mainly occurred near the coast where China's large cities are. By 2015 China has 150 cities with populations over 1 million – such rapid growth has brought pros and cons.

The benefits of growth

Investment in infrastructure

- China has developed the world's longest highway network
- Rail systems have reached 100,000km in length (linking all cities and provinces)
- Its high-speed rail (HSR) was the world's longest – having doubled in 10 years.
- Shanghai's Maglev (Magnetic train) has become the world's fastest train service a 30km journey takes just 8 minutes (268mph)!
- 82 airports have been built since 2000 – taking China's total to 250!



Reductions in poverty

Over 300 million Chinese people are now considered middle class. By 2022 an estimated 45% of the population will be classed as 'urban' middle class. Sales of consumer items have also sky rocketed e.g. Chinese bought more TVs and laptops than Americans in 2013.

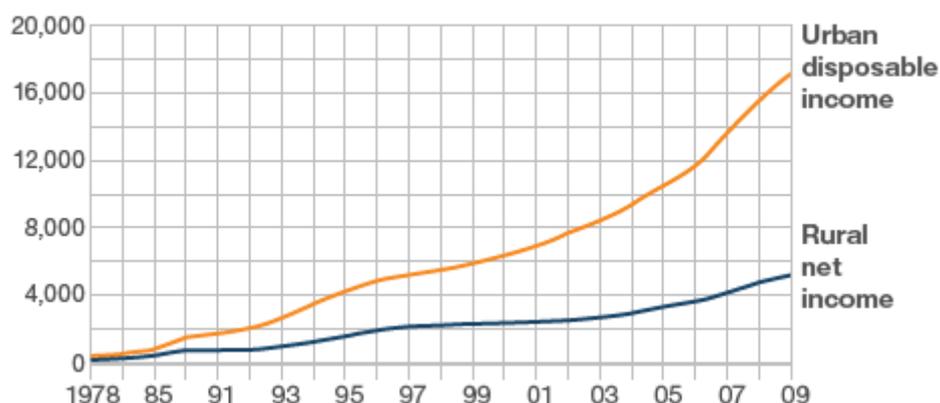
Poverty in China has reduced significantly. Between 1981 and 2010 China reduced the number of people living in poverty by 680 million. It has also reduced its extreme poverty (earning less than \$1 a day) from 84% 1980 to 10% 2016. Although 20% of the Chinese population still live on less than \$2 a day (rural areas particular) many cope with low incomes because payments sent home by urban family member (remittances) help.

Increase in urban incomes

Incomes in urban areas have increased sharply since 2000. As China has now relaxed one child policy, employers have had to pay higher wages to recruit staff. The average urban income in 2014 was \$9000 GDP per capita. Due to this increase there is a big and growing rural-urban divide in China.

Income in China: urban vs rural

Yuan, per person



Source: National Bureau of Statistics of China

Better education and training

Education is free and compulsory in China between 6 and 15. 94% of children over 15 are now literate compared to just 20% in 1950. In 2014 7.2 million Chinese graduated from university – 15 times higher than 2000. This growth has led to skilled workers that can help improve the tertiary sector and develop China's economy.



The negatives of growth

Loss of farmland

Despite increased food production, China's industrialisation has led to a loss of farmland. Over 3 million hectares of land (the size of Belgium) have been polluted by factories. 12 Million Tonnes of grain were polluted in 2014.



Increase in unplanned settlements

Due to China's rapid growth (urbanisation) more rural to urban migration is occurring due to job opportunities. The influx of people is too much for cities to handle as there is not enough houses, informal settlements occur. Land prices are too high also and many families cannot afford. By 2010, close to one half of the population were urban dwellers. That's *600-700 million urbanites* of one sort or another, the most massive single urbanization in the history of the world.

Pollution and health

- China's air pollution caused mostly by coal fire power stations is so bad in the capital (Beijing) that it has frequent pollution alerts.
- 70% of China's rivers and lakes are now polluted. The water in 207 of the Yangtze's tributaries is not even fit from watering crops – let alone drinking
- 100 cities suffer extreme water shortages and 360 million Chinese do not have access to clean drinking water. Some water contains 80 out of 101 forbidden toxins under Chinese law
- Pollution kills an average of 44000 every day or 1.6 million a year (lung cancer and heart problems)



Land degradation

Rapid urbanisation and industrialisation are reducing land availability further. Over 40% of China's farmland is now suffering degradation. The rich soils in the north are eroding, while in the south the soils are suffering from acidification caused by emissions. Land clearance has also led to deforestation and over intensive grazing that can lead to desertification/



Over exploitation of resources

China has abundant oil and coal, as well as key metals such as iron ore. But its resources cannot keep up with demand, so the Chinese government sort addition resources mainly from Africa (Angola). China is causing depletion of resources outside its own boundaries.

Loss of biodiversity

In 2015 – WWF found that terrestrial vertebrates had declined by 50% since 1970. Almost half of species in china has vanished in 45 years since 1970. The main causes were degradation by economic development. One man once commented that the fish taste like shampoo in the Pearl River delta.

Global shift in HICs

Turning around inner-city areas is no easy feat. Some cities in the UK have found it more difficult than others. Many areas have gained reputations for crime, mainly for theft/burglary or anti-social behaviour.

Leicester – Global shift

Leicester is a town in the east midlands – once dominated by the textiles industry. Leicester has a population of 330,000 (2011 census).

History of Leicester:

- 1920s – over 30,000 people worked in Leicester's textile miles
- 1960s – One factory supplying knitwear for M&S employed 6500 workers on its own!
- 1960s – The demand for extra factory workers brought Indian, Pakistani and later Ugandan Asian families to Leicester. These families set up home in the cheap inner-city housing.
- 1970s – Overseas competition meant that cheaper clothes were available from Asia. Many jobs were lost in Leicester. Industries shut causing deindustrialisation.
- Today – Leicester has a small textile industry using local designers, most items are now made in Asia. By 2015 just 12% of M&S's clothing was made in the U



Impacts of the shift:

Dereliction, contamination, depopulation, unemployment and deprivation

Many textile companies in Leicester were forced to close when business declined – as a result a lot of previous industrial land was left abandoned and derelict.

- This also scarred a number of UK cities. For example, Sheffield suffered when its steelworks closed, Warrington's wire industry, Oldham struggled when its cotton industry closed and Glasgow's shipyards fell into disrepair as work shifted to the far east.
- Much of this derelict land was contaminated due to previous dumping of chemical waste (e.g. dyes for textiles), or from manufacturing gas from coal (e.g. London dock lands) as well as just general waste disposal.
- Although populations in UK cities are now increasing, the 1970s/80s experienced major declines. Mainly due to traditional industries closing. The population of Newcastle fell by 12% in the 70s and a further 6% in the 90s!
- Many cities became run down and the housing cost was low. As a result, many people on low incomes or unemployment benefit moved to these cheap areas. As a result they became pockets of deprivation.
- In Leicester, areas of deprivation often overlap with the previous industrial areas, as well as with wards containing large ethnic populations e.g. British Indians (the ones who originally came to the UK for the urgent request for factory work)

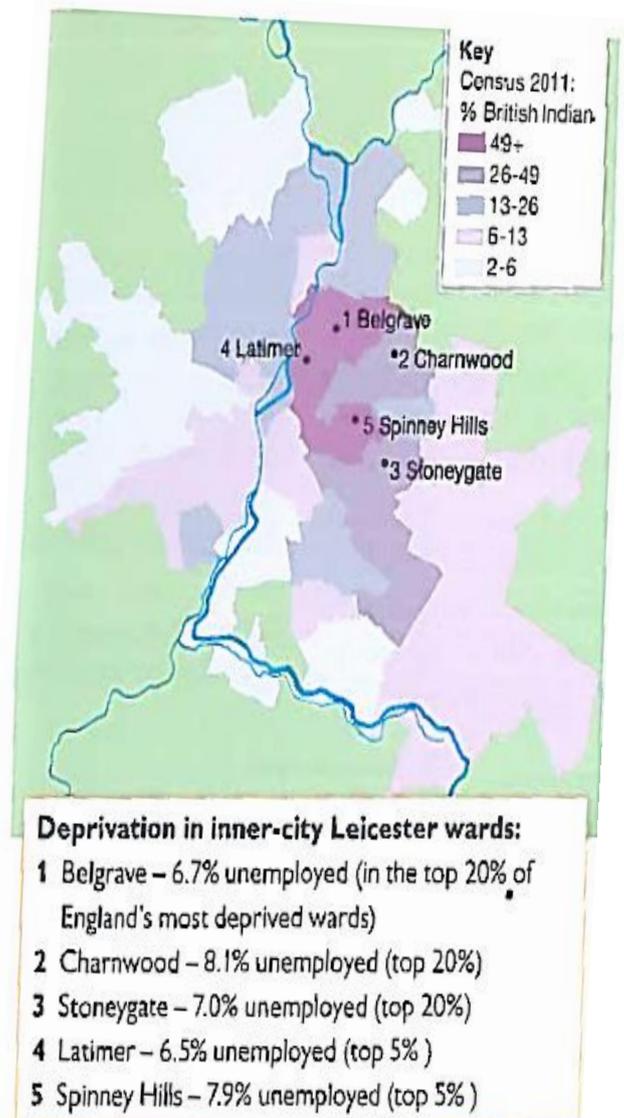


Figure 11 Levels of deprivation and ethnic concentrations (primarily British Indian) in Leicester

It's an urban world

In 2008 the world reached a milestone – over half the population now live in urban settlements. By 2050, an extra 3 billion people are expected to be living in urban areas. This has led to the birth of mega cities (cities with more than 10 million) which are growing rapidly.

Urban growth – the challenges



Top 10 mega-cities by population



Social - Unfortunately, size is not always good news. Today, half of the world's urban dwellers live in poverty. Many countries (such as India) have persuaded TNCs to invest there by offering them low tax rates. As a result the reduced tax revenue is unable to pay for the badly needed infrastructure (such as piped water supplies). Rapid economic growth can provide new jobs but it also creates a lot of social challenges!

Rapid growth challenges governments to provide services and basic needs such as housing and education.

In most countries, private companies are more likely than governments to provide housing, water, healthcare, energy and sanitation to meet the demand of soaring populations. More often than not companies target higher earners first – so the wealthy areas will have piped water but others won't

Sprawling shanty towns are the product of uncontrolled urban growth, and are common in most cities in low and middle income countries.

Even wealthy cities (London) see rises in the number of homeless people due to accommodation being unaffordable.

Environmental -The WHO (World Health Organisation) surveyed 1600 cities worldwide for air quality. New Delhi was judged as the worst in comparison to London that was 2516th

New Delhi's growing population and wealth is predicted to increase to the number of vehicles on its streets from 4.7 million (2010) to 26 million by 2050! Air pollution is India's 5th largest killer (lung/heart). 40% of all New Delhi residents suffer from respiratory illnesses, according to a study in the Harvard International Review



Alongside this other environmental problems in New Delhi include, sewage pollution, chemical dumping and fuel spillages from poorly maintain vehicles.

Hyper-Urbanisation – New Delhi

Hyper-urbanisation in New Delhi

New Delhi is experiencing **hyper-urbanisation** – its rapid population growth is outstripping the ability of the authorities to provide for basic needs, e.g. sanitation. As India's fastest-growing city, it's predicted to grow by 40% between 2010 and 2020. The main causes of this rapid population growth are:

- ◆ a high birth rate and low death rate, which together produce a high rate of natural increase
- ◆ one of the world's fastest rates of rural-to-urban migration.

Every year, hundreds of thousands (even millions) of people leave rural areas and move to urban areas to live (particularly large cities). These rural migrants consist of:

- ◆ the rural poor, who lack opportunities in their villages and who hope for a better future in the city

- ◆ the rural rich, who move to cities to invest in urban property and provide a better education and standard of living for their families.

Figure 2 explains some of the factors that **pull** (or attract) people into cities, as well as other factors that **push** people away from rural areas – plus some key background factors. In New Delhi's case, increased FDI has created many new jobs, with its financial district in particular becoming a global finance hub (persuading TNCs like Coca-Cola and Microsoft to base their Indian operations there). However, many of New Delhi's recently arrived rural migrants end up living in slums and struggling to find work. Many live on the city edge and travel for work. City girls are vulnerable to assault on public transport routes, and few can afford the modern metro.

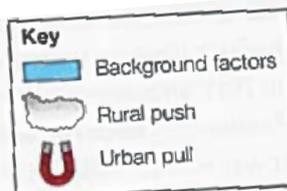
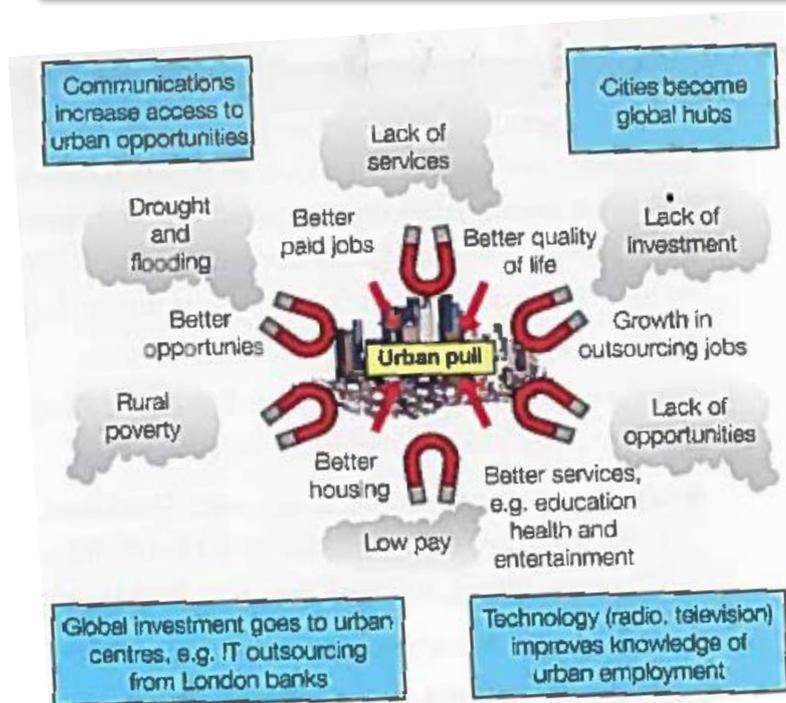
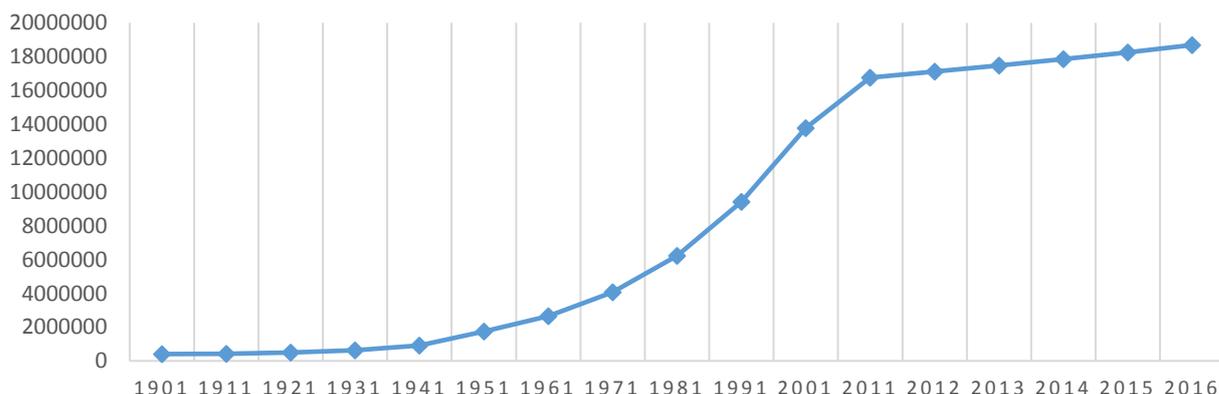


Figure 2 Urban growth factors

POPULATION GROWTH NEW DELHI



Global Culture and Globalisation

Cultural diffusion - spread of one culture to another by various means.

Cultural erosion – the change/loss of culture in an area
e.g. language or food

Capitalism - an economic and political system in which a country's trade and industry are controlled by private owners for profit, rather than by the state.



Communism - a system of social organisation in which all property is owned by the community and each person contributes and receives according to their ability and needs.



Cuba opens its doors



21st March 2016 a historical day.
On that date, Barack Obama became the first US President to visit Cuba in 57 years!

Cuba chose to isolate itself from the western capitalist world for 50 years when its leader Fidel Castro declared Cuba a communist state. Cuba was originally supported by the USSR (former communist state of Russia) until 1991 when it

collapsed. After this Cuba began to develop and began accepting some foreign investment (particularly tourism flows). Tourism brought many Cubans into contact with foreign travellers and their cultures (clothes & diet) for the first time ever.

In 2008 Fidel Castro resigned due to ill health and his brother Raul has been in power since. President Obama's visit was a sign of relaxation of strict communist control. Raul has allowed free enterprise businesses to set up for the first time in decades. This relaxation is similar to China's open door policy which allowed the influx of new cultures to enter the once strict communist state. Cuba's new spirit of openness has led to improved relations with the US. However despite the welcomed political relaxation in Cuba, it has led to a growing social and economic inequality amongst its citizens.

The river where Jonas Echevarria fishes runs through a neighbourhood of fine restaurants, spas and boutiques –symbols of Cuba's private enterprise. New luxury homes also reflect the wealth of some Cubans. Whilst the rich eat the finest steaks in these restaurants, most Cubans make do with eggs, milk and bread. Jonas lives in a shantytown built from scraps of tin and timber. His diet is rationed from the state. The wealth gap in Cuba is increasing and fast.'
– New York Times 2014



21st century Cuba

Cuba is now changing rapidly. The growth of tourism, TV and internet is broadening Cubans' knowledge of the world and challenging Cuban traditions (globalisation is diluting Cuba's culture). Netflix is now available to Cubans, American tourists are allowed to visit and a cap on remittances sent by Cuban/Americans back to the US has been lifted. In some locations cultural erosion (loss of language, food and traditions) has resulted in changes to the environment.



Beach resorts have changed Cuba's coastline and its coral reefs are now becoming threatened. All of these influences has led to Cuba's cultural diffusion (the spread of one culture to another). The food, music, architecture in Cuba are now changing – it will now take a lot of effort to maintain a strong Cuban identity.

Cultural landscapes & diversity

Globalisation is changing the ways people see the world. **Glocal** cultures develop where global culture exist at a local level (e.g. Leicester's golden mile/ Manchester's curry mile) have now transformed due to decades of inward migration. Ethnic enclaves gain their own identify where street furniture, road names and cuisine add to a cities multiculturalism and strengthen cultural diversity.

Liverpool's China Town



Manchester's Curry Mile



Cultural diffusion and the media

The increased ownership of media sources has led to films, music and publications to become more controlled by TNCs. Things that were originally 'lost in translation' are now become easily accessible. This is due to TNCs familiarising vocabulary – thus eroding diversity. This is known as the **global homogenisation** of culture with everywhere becoming the same.



Changing Values

Globalisation can also change a person's values – sometimes for the better. E.g. in China only 25% of disabled people find employment. A year later China came top in the London 2012 Paralympic games. It helped disabled people in China gain support towards a more equal status. It also happened in the UK. Scenes of gay marriage being legalised in Ireland showed such happy celebration on news networks. Many people around the world tweeted their support for Ireland's decision. Westernised countries are adopting more policies towards ethical and moral issues such as gay rights. However not all countries have followed suit yet.



Ireland celebrate gay marriage being legalised

Growing Resistance

Although globalisation has spread rapidly. Some countries are not so welcoming. There are various anti-globalisation groups such as environmental pressure groups who oppose the practice of TNCs.

Iran – Since the early 2000s, the Islamic government led a backlash against Mattel's Barbie Doll, which were banned from toy stores when the government denounced its un-Islamic images. Since then, the government has become more liberal due to the need for international cooperation against radicalism and due to Iranian youths accessing banned media sources such as Twitter and Facebook anyway.



France – until the early 2000s France paved the way in rejecting globalisation. To protect French culture, the government excluded culture from its agreements on trade. It limited foreign culture (music, films, TV) that could be broadcast, and 40% had to be French with no more than 55% American film imports. However, internet downloads caused major issues with these limits. Since 2007 the French have been more accepting of globalisation due to the success of French TNC EDF Energy.

Development and globalisation

Economic data

Measuring economic progress is difficult, and data can be misleading. For example, China's growth data since 1980 are based on different data collection methods to those of other countries (and their values are expressed in a currency – the yuan – that is not readily exchanged on global markets). For global comparison, economic values are usually given in US\$ and include **single indicators**, such as:

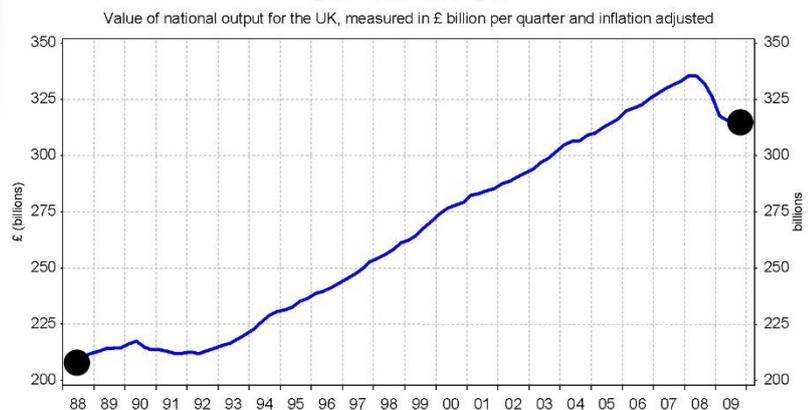
- **GNI (Gross National Income)** – The value of goods and services earned by a country (including overseas earnings), formerly known as Gross National Product (GNP). Both are good indicators of wealth (especially of HICs, which earn a great deal of income from overseas investments).
- **GDP (Gross Domestic Product)** – The same as GNI, but excluding foreign earnings.
- **Per capita** data are averages per person, e.g. total GNI divided by population size.
- **Purchasing Power Parity (PPP)** relates average earnings to local prices and what they will buy. This is the spending power within a country, and reflects the local cost of living.

Other indicators exist in **composite form**, i.e. using several sets of data. The most common is **economic sector balance** (the percentage contribution of primary, secondary and tertiary sectors to GNI). As countries develop manufacturing industries, the value of their primary sector output falls in relative terms – and the value of their secondary sector rises. For instance, the value produced by Vietnam's primary sector fell from 50% of GNI in 1990 to 22% in 2014 (TNCs now manufacture a lot of clothes in Vietnam). The primary sector value in Malawi, a Low Income Country (LIC), is still high (30%), while the UK's is low (0.6%).

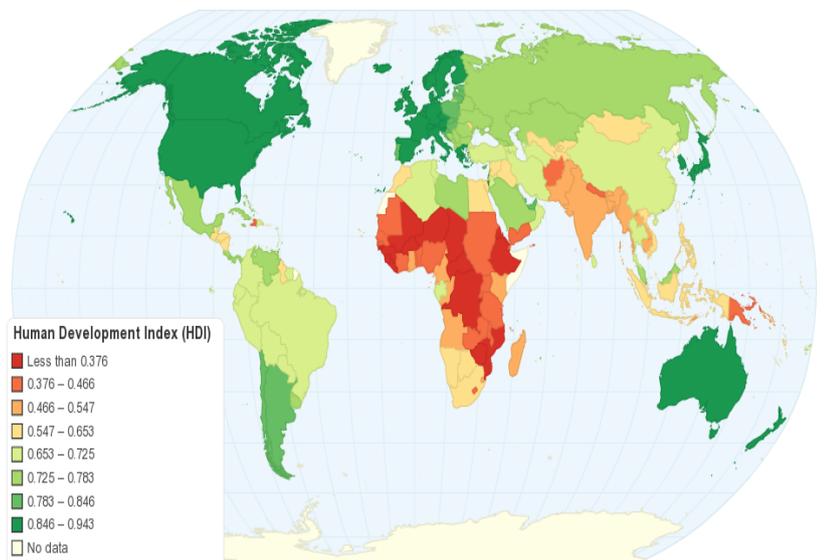
It can be difficult. Data can also be misleading. For example, China's growth data since 1980 are based on various different data collection methods. Some data such as GDP show China as one of the leading super powers at 2nd spot GDP around \$11 trillion. Whereas per capita is 84th at around £14,000.

Other indicators exist in composite form (several set of data). The most common is **economic sector balance** (the % contribution of primary, secondary & tertiary sectors to GNI).

GDP for the UK



Source: UK Economic Data



Women and development

In no country – no matter its status – are women equal to men! In many LICs fathers prevent their daughters from receiving education beyond puberty because school is expensive. Why support them financially when they will leave home on marrying and sons won't. This view is very hard to shift in many LICs/NEEs.

Even in HICs women earn less than men and are less likely to be promoted. So, the UN has developed the **Gender Inequality Index** which uses composite data.

Gender Inequality Index:

Reproductive health

(As gender inequality declines, fertility rate (BR) & maternal mortality rates drop & the age of having your 1st child rises.)

Empowerment

Women enter politics and become more empowered

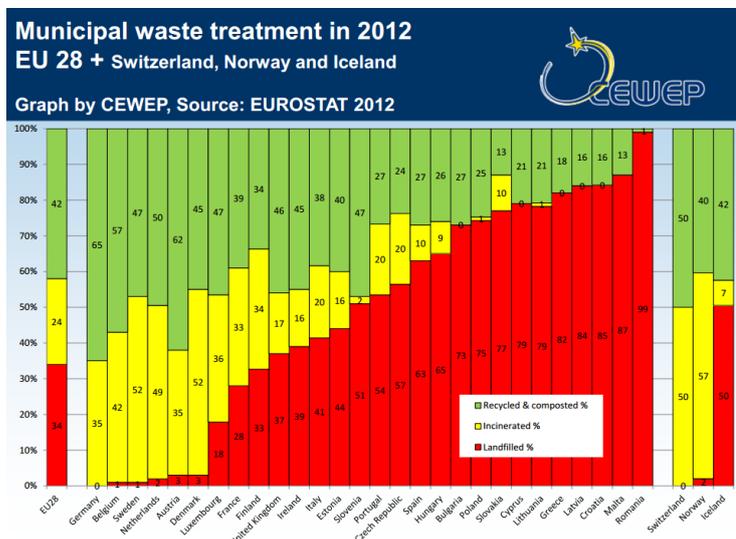
Education/Employment

Staying in school/university opens up more opportunities for women



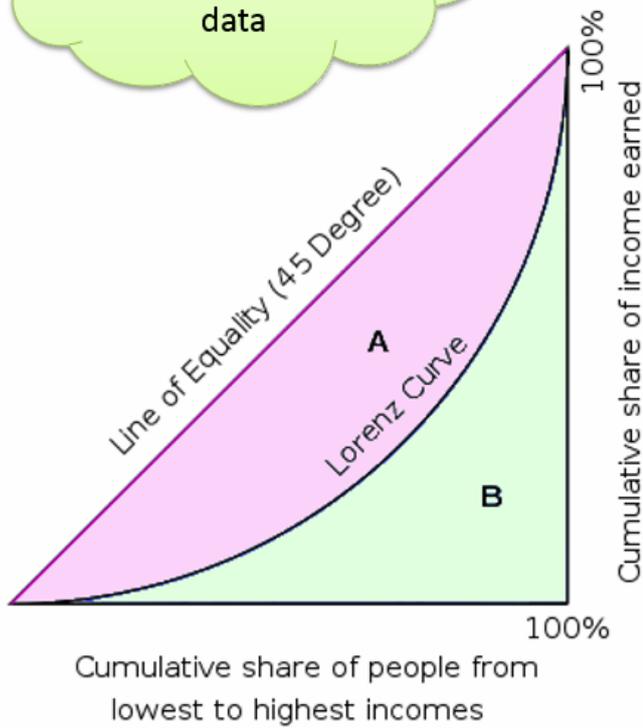
The environment and development

The link between the two is well established. Air quality deteriorates as economic development increases. There are many causes e.g. energy productions, industry and increased car ownership. Most countries record air pollution and log air quality.



The Gini Index

FACT:
Many countries are
reluctant about
releasing their GINI
data



Inequality can be measured using the GINI Index. Between 0% - 100% using the Lorenz curve. The Lorenz curve shows the wealth distribution. On the graph, a straight diagonal line represents perfect equality of wealth distribution; the Lorenz curve lies beneath it, showing the reality of wealth distribution. The difference between the straight line and the curved line is the amount of inequality of wealth distribution. Low values show more equal incomes (0 would be perfect equality). High values indicate high inequality (100 would be perfect inequality).

Rising tensions & globalisation

Key terms:

Diaspora – From Greek meaning ‘scattering’. This process is the movement of people who share a national and/or ethnic identity away from their perceived homeland

Post-accession migration – The flow of economic migrants after a country has joined the EU (Poland to UK)

Main reasons for London’s melting pot status

1. **Open borders** (EU free movement)
2. **Freedom to invest** (no barriers or restrictions)
3. **FDI** – London attracted over 32,000 overseas people to come and work in its city. London is home to 35% of all European headquarters who move to the UK. London is the leading recipient of FDI investment from France, Japan, Australia, India and Ireland.

Melting pot - a place where different peoples, styles, theories, etc. are mixed together.

Mixed feelings about migration and cultural mixing

- Open EU borders has brought lots of cultural change. In 2004, eight Eastern European countries joined the EU (Poland/Slovakia/Bulgaria to name a few). Post-accession in migration followed soon after to the UK and Ireland. 1 million Eastern Europeans have migrated causing the UK's population to go from 59.5 to 64.6 million in just ten years!
- These migrants were welcomed by many. For example shop keepers saw an increase in profits due to more Polish customers. Jobs that were hard to fill (farm hands) were taken upon. However some locals worry that the migrants have increased birth rate beyond the capacity of the countries primary schools.
- In turn British diaspora has seeded itself in many other EU countries. UK residents began relocating to Mediterranean countries (France, Italy, and Spain) in 1993 when the first EU movements were allowed. Local businesses thrived and some locals even opened up British shops. However some younger ‘Brits’ has strained cultural tensions with indigenous communities.



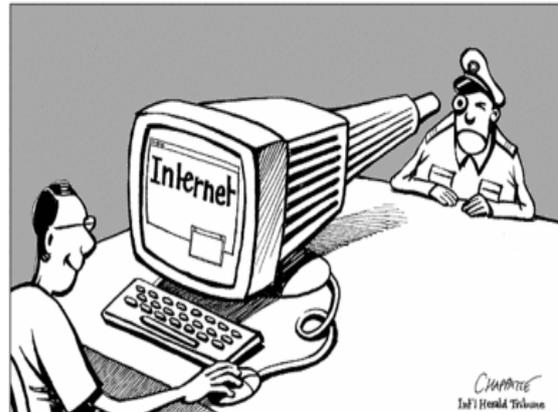
Attempts to control globalisation

The theory of globalisation is based on economic freedoms – know liberalism. It is the belief of free flows of people, capital, finance and resources. However some countries do not favour liberalism at all.

Censorship:

China is a communist state. As such globalisation presents a psychological challenge for its leaderships – the free flow of information and ideas pose a threat.

The Chinese government also looks nervously at events like 'Arab Spring' (a revolutionary wave of both violent and non-violent demonstrations, protests, riots, coups and civil wars in the Arab world that protested governments). It gives people ideas about democracy and less state control.



As a result the Chinese government imposes censorship of its internet content, as well as published content (newspapers) in order to maintain control.

The two main types of censorship are:

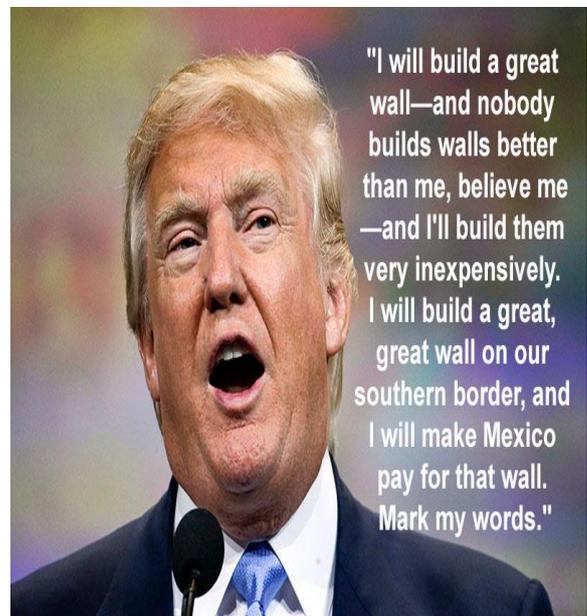
State controlled (e.g. Chinese News) – where print publishing and TV broadcasts are run by the state

State monitored – where overseas contacts or media are monitored or censored. This includes TV, print media, radio, film, theatre, texts, video games, literature and the internet.

Limiting immigration:

Across Europe, Australia and the USA, there have been many debates about migration controls. The most extraordinary migration proposal was by Donald Trump (US president elect) during 2016 in which he said he would build a high wall right along the US/Mexico border.

Debates in the UK have focused on limiting net migration – a difficult feat. This is due to EU law, skills shortages and a booming market in overseas university students. Two arguments used by opponents of immigration are that cheap migrant labour undercuts local wages and also that the government has not planned for increased demands of welfare, education, housing and healthcare caused by these so called migrants.

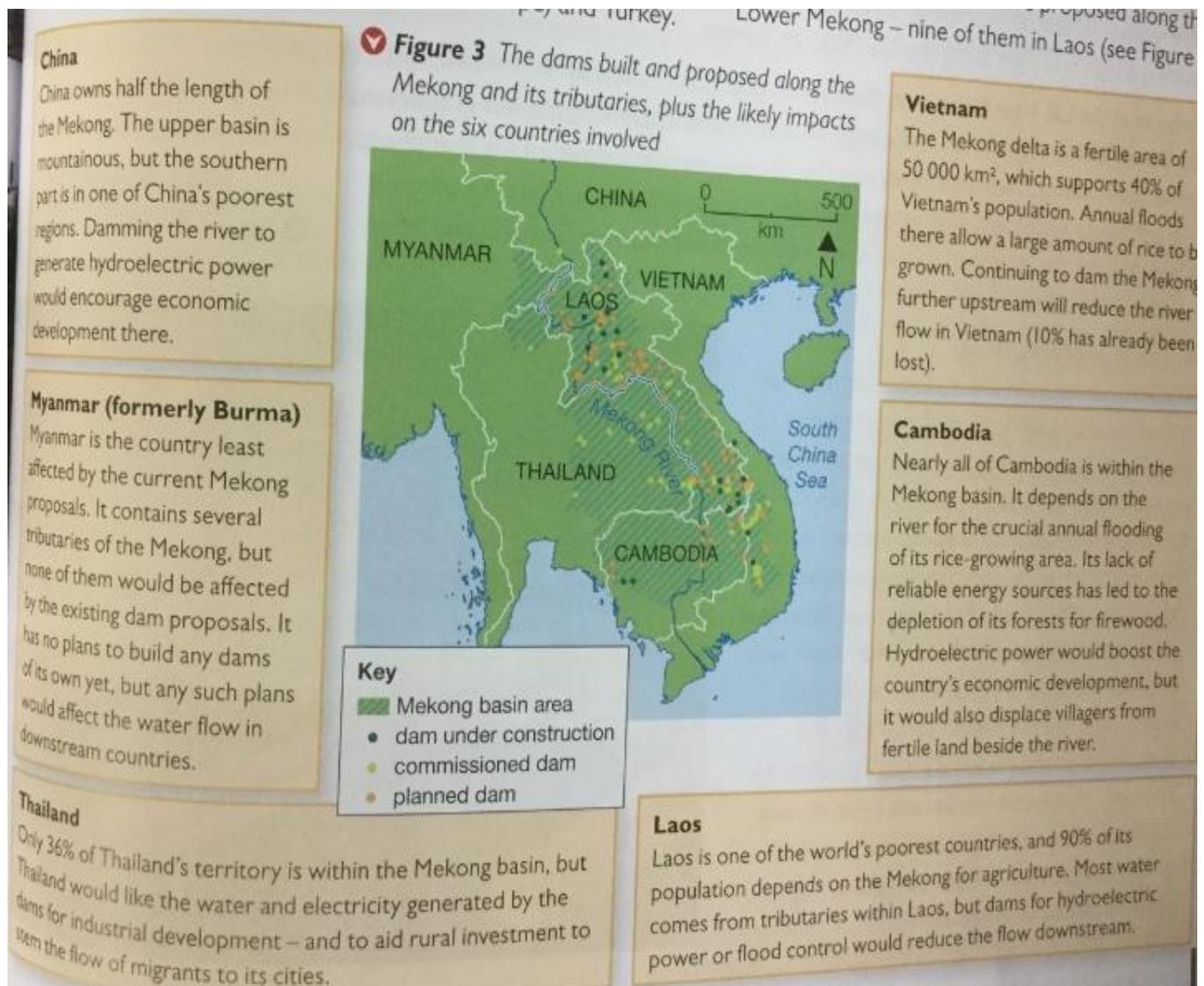


Trade protectionism

The free market can be a challenge for national governments. In 2016, cheap Chinese steel was being 'dumped' onto global markets at prices heavily subsidised by the Chinese government in order to protect its own manufacturing firms. The consequences huge in the UK – Indian owners of Tata steel (UK's largest steel company making 1 million a day) put all its UK plants up for sale.

BRA WARS!

In 2005, the EU briefly banned imports of cheap Chinese textiles – especially women's bras in attempt to protect its own manufacturers.



Can globalisation be sustainable?

Like most HICs, the UK is living well beyond its 'environmental means'. To supply resources for every country at the UK's current level of consumption it would take 3.1 Earths. At the current rates of growth and global consumption, researchers believe that we would need two planets by 2050.



What can be done?

Responding locally – transition towns

Some local groups and non-governmental organisations (NGOs) promote local sourcing of goods to increase sustainability (relocalisation).

Totnes in Devon (pop 8000) was the world's first 'Transition Town'. Now a global network exists using the internet and social media to spread the idea of 'transition'. By 2016 transition has become a movement of up to 50 countries attempting to reduce their carbon footprints and increase their independence.



Transition towns promote:

- Reducing consumption by repairing or reusing items
- Reducing waste, pollution and environmental damage
- Meeting local needs through local production where possible (farmers market)

Example: Bristol Pound

In 2012 Bristol introduced the 'Bristol Pound' (a community currency) encourage people to spend locally rather than chain stores. However strategies like this also threaten global economic growth because they reduce the demand for items overseas.



to

Pros	Cons
Every £10 spent in local businesses is actually worth £23 for the local economy – through what economist call the 'Multiplier Effect' (Employees and suppliers are paid). In contrast to £10 in a chain supermarket is worth only £13 locally because it will return to its head office (e.g. Aldi and Lidl are German).	Some services are coordinated centrally (e.g. transport) so it's hard to influence them. It's also been argued that doing transition in a large city e.g. London can be difficult.

Fairtrade:

Due to TNC exploitation of poorer countries many fair trade companies and campaigners began to appear. They want simple things such as fair pay, better working conditions and improvements in infrastructures. The Fairtrade mark is a guarantee that the product is ethically produced and that a fair price has been paid to by the producers.

In 2009, Starbuck served its first fair trade coffees. It claims to help farmer improve their coffee quality and environmental sustainability. Starbuck's claims its Fairtrade beans are sourced from Guatemala, Costa Rica and Peru. But in 2014 only 8.5% of their coffee was Fairtrade certified.

In 2015 Ethical Consumer gave coffee retailers a rank of out of 20 for using ethical products. The marks received were not generally high.



Brand	Score out of 20
Soho Coffee shops [F&O]	11.5
Esquires Coffee Houses [F&O]	10.5
AMT Coffee shops [F]	8.5
Coffee Republic coffee shops	7.5
Coffee#1 coffee shops	7.5
Love Coffee- Coffee shops	7.5
Muffin Break	7.5
Caffe Ritazza coffee shops	7
Costa - Rainforest Alliance coffee	7
Puccino's Coffee shops	6
Caffe Nero Coffee shops	5.5
Pret a Manger - Organic coffee [O]	5.5
Starbucks [F]	3.5
Harris & Hoole	1

Ethical Consumerism:

The UK's retail sector is becoming increasingly aware of ethical issues associated with shopping. M&S now only sells Fairtrade teas and coffees, plus naturally died fabrics (to reduce carbon emissions). All supermarket chains now display ethical shopping credentials for those who want to buy ethical.

Local produce such as meat and milk have named suppliers on the product. This shows a shift back towards farmers markets e.g. Lidl advertises proving where they source their produce (Mussels, Scottish Beef, and Turkeys).



The issues with ethical shopping:

- Buying organic destroys more forests – less use of fertilisers and pesticides mean that more land is needed to produce the same amount.
- Fairtrade does raise farmers' incomes but it also increases potential overproduction – causing prices to fall, which leaves farmers no better off.
- Growing cash crops even under Fairtrade can mean some farmers end up not growing enough food to feed themselves and their families.
- Buying local food minimises 'food miles' and helps the local economy – but most consumers still use cars to go shopping and as a result more energy is used.

Waste and recycling:

In 2012 the UK generated 200 million tonnes of waste!(That's around 32 fully loaded container ships). We need to do something about how we dispose of our waste. The UK has a long way to go in order to improve its waste management. Many efficient European countries recycle more than half of their waste!