

What are the Causes of Globalisation and why has it Accelerated in Recent Decades?

What is Globalisation?

Globalisation is a long-standing process which has accelerated. It involves the widening and deepening of global connections, interdependence and flows of commodities, information, capital, migrants and tourists.



How have Transport Developments Accelerated Globalisation?

19th Century
 During the colonial era, European nations spread their rule across the globe. British, French, Dutch, Portuguese, Belgians and Germans used colonies in Africa, Central America and Asia as a source of raw materials e.g. cotton, and as a market for manufactured products e.g. textiles. Developments in transport allowed global trade to intensify and become more extensive.
Railway – Steam technology and puddled iron enabled the British Empire to build the world's most extensive rail network in India to export opium, tea and spices.
Telegraph – Was the first means of mass communication and was used extensively by rail operators.
Steam-Ships – Were less dependent on wind patterns so new trade routes opened up and trade accelerated.
20th Century
 Use of fossil fuels accelerated to cut trade and communication times, contributing to a 'shrinking world'.
Jet Aircraft – Air cargo and air mail promised faster delivery times than rail and shipping and new opportunities for cheaper long-haul travel increased flows of tourists and migrants.
Containerisation – Supported a post-WWII boom in international trade. Rather than loading ships on pallets, containers of equal size and shape were used and handling machinery became standardised. Ships then spent 1/30th of the previous time in port. TNCs expanded and the economic centre of gravity shifted eastwards.

How have Communications Developments Accelerated Globalisation?

21st Century
 Developments in mobile technology and miniaturisation of electronics have enabled businesses to become more footloose and global connections between geographically dispersed peoples became deeper. Time and space no-longer exert the same controls over global flows - 'time-space compression'.
Mobile Phones and Social Networking – Mobile technology dominates in developing countries where landline infrastructure is limited. People from developing and developed nations are able to share ideas and cultures through social networking sites such as Facebook, Instagram and Twitter.
Internet and Fibre Optic – Information can now be shared instantly, allowing TNCs to operate a New International Division of Labour (NIDL) efficiently to maximise profits, sourcing raw materials in developing countries, manufacturing in emerging economies, and retailing, researching and developing in developed nations. Artificial Intelligence has also allowed Just In Time factory production.
Electronic Banking – Global investments can be adjusted instantly and purchases can be made on the internet. Amazon Marketplace and PayPal partner to provide a global marketplace to retailers.

How have International Organisations Accelerated Globalisation?

The Great Depression was a severe, worldwide financial crisis in the 1930s. The crisis was blamed on 'beggar-thy-neighbour' policies of trading nations whose high tariffs caused world trade to nosedive, resulting in mass unemployment. In 1944, 44 nations met at the Bretton Woods conference. They developed 3 international organisations to manage global trade:

<p>World Trade Organisation (WTO)</p> <ul style="list-style-type: none"> - Established internationally agreed rules to prevent unfair trading arrangements which excluded some countries. - Reduced or removed trade quotas (limits on quantity of commodities exchanged between countries). - Reduced or removed trade tariffs (taxes charged). 	<p>International Monetary Fund (IMF)</p> <ul style="list-style-type: none"> - Fixed exchange rates. - Provided emergency loans to countries in trade deficit. - Loans tied to 'Structural Adjustment Programmes (SAPs) so countries forced to adopt liberal, free trade, capitalist policies, opening their doors to Foreign Direct Investment from TNCs.
<p>World Bank</p> <ul style="list-style-type: none"> - Provided low-interest loans for infrastructure e.g. power plants, dams, roads, airports, ports and agriculture to promote FDI by TNCs. - Funded post-WWII reconstruction. 	<p>Mini Example</p> <p>The IMF enforced a SAP in Ghana led to importing of tomatoes from IMF funding/other countries. This accelerated trade and development within Africa but had negative impacts on Ghana tomato farmers.</p>

Membership of Free Trade Blocs

Countries group together in trade blocs to provide preferential trading.
European Union (EU) – Economic union of 28 nations with no tariffs or quotas, allowing access to single market of 500mn people. Also free movement of people, without Visas or passports, for travel or migration.
Association of Southeast Asian Nations (ASEAN) – Free trade area founded in 1967 to manage politics after independence. 10 states - Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Vietnam, Thailand. Arrange free trade with other nations – India, China and Australia.



Capitalist Economic Policies

Capitalism is a politico-economic system in which industries are privately run for profit. 1980s Conservatives were the first UK government to truly embrace capitalism and actively promote globalisation.
Free-Market Liberalism – Government subsidies were withdrawn for unprofitable industries so UK coal declined due to competition from cheaper Chinese imports.
Privatisation – State-owned businesses e.g. British Gas, British Telecom and British Airways were auctioned off to private buyers.
Encouraging Business Start-Ups – Tax-breaks and grants were offered to TNCs seeking FDI in areas of Britain with high rates of unemployment e.g. Nissan car plant in Sunderland.

Example of how National Governments Spread Globalisation - China

- Chairman Mao operated highly protectionist, communist policies.
- Deng Xiaoping introduced his Open Doors Policy in 1978.
- 4 Special Economic Zones were created in Hong Kong, Taiwan, Shenzhen and Macau, offering foreign companies low tax rates.
- SEZs achieved 40% economic growth rates in their first decade.
- One-Child Policy also promised a 'demographic dividend' with the largest youthful working population in the world with few children.
- Low wages mean 95% lower labour cost in China than USA.
- Investment in infrastructure improves transport and communications e.g. Three Gorges Dam allows larger ships to navigate the Yangtze and it is the largest power plant by output in the world, powering industrialisation in China.

How do Trans National Corporations Accelerate Globalisation?

Operating a New International Division of Labour (NIDL)
 Private companies are profit driven. Raw materials are 'outsourced' from developing countries. Factories are 'off-shored' in emerging economies lacking minimum wage but where infrastructure is sufficient. Retail price is highest in developed countries. Flows of commodities increase.
Horizontal and Vertical Integration
 TNCs have sufficient funds and reputation to achieve a monopoly over one level in the production process e.g. Apple purchased Emagic and Logic pro for control over music downloading, or over the whole process e.g. Exxon Mobil controls oil wells, tankers, refineries and petrol stations.

Out-Competing Independent Businesses
 With sufficient income to expand capacity of warehouses, transport and manufacturing plants, TNCs achieve economies of scale. Cheap production costs can be passed on to the consumer, out-competing local independents. Retail becomes more global and less local.
Expansion into New Markets
 Investment in research and development allows TNCs to relentlessly explore new markets in emerging economies. Products are developed through 'glocalisation' to reflect regional customs and cultural preferences, allowing a westernised culture to spread.

How Does the Degree of Globalisation Vary?

Globalisation is not an even process. Some countries are 'switched on', others remain 'switched off'. The degree of globalisation can be measured.
KOF Index
 Produced by the Swiss Economic Institute. Calculated according to:
 • Economic Flows – FDI volume.
 • Social Flows – cross-border calls, letters, tourists, internet, TV, brands.
 • Political Flows – foreign embassies, IGO membership, UN peace effort.
 Economic flows are weighted and countries are ranked. Ireland, Belgium and Netherlands are top 3 in spite of US TNC dominance. However, large countries have big domestic market so have few cross-border interactions.

A T Kearney Index
 Produced by the Carnegie Endowment for International Peace. Based on:
 • Economic Flows - cross-border transactions and FDI volume.
 • Social Flows – cross-border calls, tourists, migrant remittance.
 • Political Flows – IGO and treaty membership, UN peace effort.
 • Technological Connectivity – Number of internet users.
 Results are more holistic as broad range of interactions are recognised. Weighting is also more complex. Singapore, Switzerland and USA top.

Example of why Countries e.g. Zambia in the Sahel Remain 'Switched Off'?

Political Reasons
 Zambia was controlled by the British Empire until 1964. Raw copper made up 90% of the country's exports and they provided a market for higher value British manufactured goods which stifled Zambian development. These patterns of trade deficit persist and deter manufacturing investors.
Economic Reasons
 Debt repayments reduced public spending on social welfare so life expectancy is only 58 and only 23% can afford internet. World Bank wrote off 50% of Zambia's debt in 2005 so social spending could improve.

Environmental Reasons
 Zambia's rich copper belt makes it the 8th largest producer in the world. Dependency on raw materials makes them vulnerable to price fluctuations such as the 1970s copper market crash. Investment from TNCs withdrew and focused on valuable raw materials elsewhere e.g. oil in Nigeria.
Physical Reasons
 Zambia is landlocked so relies on good relations with neighbours to profit from exports. In 1970s, TanZam railway was built with Chinese, but vulnerability of cross-border infrastructure deters investors.

What are the Impacts of Globalisation?

How has the Global Shift has Created Winners and Losers?

The world's economic centre of gravity is calculated by weighting countries by GDP and projecting this to the nearest location on the world's surface. Economic power shifted towards the west during UK and USA's Industrial Revolution, but reversed after 2000 and began rapid movement towards the east, due to global shift in manufacturing & services to Asia. China has been the world's largest recipient of FDI since 2000.



Example of the Impacts of Global Shift in China

Improved Infrastructure

Increased government spending power has allowed China to establish the world's longest highway network. Their High Speed Railway system has doubled in length in 10 years, connecting Beijing with Shanghai. This allows industrial development to spread beyond the capital city as industries will be attracted to cheaper production costs elsewhere.

Higher Urban Incomes

Urban incomes have risen by 10% since 2005 and urban wages include pay for overtime and paid holiday. This gives workers higher disposable income, so demand for services increases, causing a multiplier effect. The rural-urban divide is significant however as subsistence agriculture dominates in rural areas and few industries invest.

Reduced Poverty

Over 300 million Chinese people are now considered to be middle class, nearly as many as the entire US population. Although 20% of the population still live on less than \$2 per day, particularly in rural areas, many are better-off as family members working in the city will send remittances to the countryside, improving standard of living.

Improved Education

Government income from corporation tax has enabled further investment in education. They provide free, compulsory schooling for children aged 6-16 and literacy rates are now 94%, compared to 20% in 1950. This creates a multiplier effect as service industries such as telecommunications are attracted by an educated workforce.

Land Degradation

Over 40% of farmland is suffering degradation due to acidification from industrial emissions and soil erosion from intensive soybean farming for increased Chinese consumption of pork as diets are westernising. Deforestation for expanding settlements, industrial areas and intensive agriculture has also caused a 50% decline in biodiversity since 1970.

Growth on Unplanned Settlements

As manufacturing develops in urban areas e.g. Shanghai and Beijing, rural-urban migrants are attracted by the promise of higher wages than agriculture. When migrants are unable to find work and low-cost housing is not constructed fast enough, unplanned squatter settlements develop. 50% of Shenzhen's housing is classed as being 'informal', and lacks basic services e.g. sanitation and clean water.

Air and Water Pollution

China depends on coal-fired power stations to power industry which produce particulate matter. Beijing is classified as 'unfit for human habitation' as air pollution causes asthma, lung cancer and heart problems. Furthermore, 70% of Chinese rivers experience eutrophication from over-intensive farming and much of the Yangtze is unsuitable for irrigation.

Resource Depletion

Demand for industry is so high that China exploits resources abroad. Farming of soybeans in Brazil and Ecuador causes deforestation, Zambian copper mining causes water pollution as dust particles obscure light in river waters, preventing photosynthesis, and frequent oil spills in the Niger delta of Nigeria are all consequences of China's resource extraction abroad.

What are the impacts of economic restructuring in developed countries e.g Sheffield

Environmental Impacts

Dereliction – steel industries are outcompeted by cheaper Chinese steel. Factories begin to close in the late 1970s.

Contamination – Brownfield sites contaminated by lead and asbestos so developments on greenfield sites cheaper. Large parts of the Lower Don are still brownfield.

Social Impacts

Unemployment, depopulation and crime – many white British workers lost their jobs and migrated away from Darnall.

Inward migration of ethnic minorities into the area due to cheaper rent and low paying jobs has led to high IMD and deprivation which persists as low education attainment.

What are the Impacts of Increasing Migration?

The Growth of Megacities

Urbanisation is the growing proportion of people living in urban areas. Megacities have a population of over 10 million people. The first examples were Tokyo and New York but there are now 37 in the world, mainly in south Asia e.g. Mumbai, New Delhi and Beijing.



Example of Migration to Global Hub Cities - Russian Oligarchs to London

- Global hub cities exert a dominant influence over continental and global economics. They attract flows of goods, capital and migrants.
- 300,000 Russians now call London their home with a surge of 100,000 in the last 2 years. These are elite migrants.
- Britain offers tax-free income for Russian's who earn outside the UK, 4 Russian newspapers and world-respected education.
- 1/3 of property purchases by foreign buyers in London are by oligarchs. This has caused price inflation and unaffordability.

Example of a Megacity's Growth and Impacts - Mumbai

Rural-Urban Migration
Push Factors - drought as climate change makes the monsoon more variable in Maharashtra State; Green Revolution caused mechanisation of farming.
Pull Factors – Modi's Make In India campaign attracted investment in manufacturing e.g. textiles and leather industries.

Natural Increase
High Birth Rates – Hinduism and Islam only accept contraception under certain circumstances. Cultural preference for large families to work.
Falling Death Rates – Improved access to clean water through charities e.g. WaterAid and affordable vaccinations.

Social Challenges
 Urban growth has been faster than provision of new housing. Dharavi is India's largest slum and 50% of Mumbai's residents live in slums. 78% of slums lack toilets so open defecation is common and infant mortality from cholera and typhoid is common.

Environmental Challenges
 The growing population disposes of 11mn tonnes of refuse each day. Waste from the largest landfill, Deonar, causes groundwater pollution and local schools must have water delivered by tanker. Burning of waste releases toxic gases causing lung problems.

Mass Low-Wage Migration – Poland to UK

- EU expanded in 2004 to include Poland, which now accounts for 2/3 of migrant inflow from the EU.
- At the time, unemployment was 20% in Poland, compared to 5% in the UK, and minimum wage is twice average earnings in Poland. Strong value of £ increase remittances value in Poland.
- Positive impacts include – balance to ageing population, workers for seasonal agricultural jobs e.g. fruit picking in Cambridgeshire.
- Negatives include – brain drain, xenophobia.

What are the Impacts of Globalisation's Developing Global Culture?

Example of Changing Diets in Mexico

- TNCs outsourcing and global media create and spread an increasingly westernised global culture – cultural diffusion.
- Meat consumption/animal calories have increased by over 400% per person, per day since 1971.
- Outsourcing and subsequent development has increased wages for many people in China, this combined with TNCs now in the country has led to a shift away from a traditional Chinese diet.
- China's average daily calories today is 3073 compared to 1526 50 years ago.

Example of Increased Awareness for Disadvantaged Groups

- Diffusion of western attitudes towards disabled groups has spread through global media coverage of Paralympic Games.
- In the year 2000, only 25% of Chinese disabled people found employment, held back by lack of accessibility.
- Since the 2008 Beijing Paralympic Games, the city has seen renewed investment in level access, disabled ramps and elevators.
- Increased media coverage of Paralympic Games has focused on potential and ability of disabled athletes, rather than disability, affording them increased respect and understanding from the global community, particularly in developing countries.

Example of Cultural Erosion in Papua New Guinea

- PNG gained independence from Australia in 1975 and has maintained a strong reliance on Australian trade and investment.
- PNG is now developing more extensive global partnerships with a \$19bn Exxon Mobil natural gas investment and PNG is now the largest exporter of timber to China. Chinese have also built roads into highland logging areas and introduced broadband.
- 80% of Dani tribes are now Christian and no-longer practice traditional religion, food, music, clothes and social relations.
- 12 PNG languages now have no known speakers.
- TV usages has been correlated with increased violence.
- Oil spills, cyanide and acid deposited in rivers and coasts.

Opposition Groups and Conflict

- Concerns over cultural impacts – terrorist organisations e.g. al-Qaeda first developed as a backlash to westernisation of Islamic cultures. Far right anti-Islamic movements have developed in the west, such as the English Defence League.
- Concerns over economic impacts – Boycott movements easily develop on social media sites e.g. Boycotts of Nike in 1990s in response to human rights abuses in Vietnamese factories.
- Concerns over environmental impacts – Global awareness of environmental issues spreads through media campaigns e.g. boycotts against Palm Oil and plastics.



How Does Globalisation Impact Development and how is Globalisation Managed?

How can we Measure Development?

	Indicator	Definition
Economic	Gross National Income (GNI)	Value of goods and services produced domestically and overseas each year.
	Economic Sector Balance	% contribution of primary, secondary, tertiary and quaternary industries to GNI.
	Gini Coefficient	Measures income inequality. 0 = perfect equality, 1 or 100% = 1 person holds all the wealth.
Social	Life Expectancy	Average age someone is expected to live to from birth.
	Adult Literacy Rate	% over age of 15 who can read and write.
	Human Development Index (HDI)	0 = worst, 1 = best. Devised by UN. Combines life expectancy, education and GDP.
	Gender Inequality Index (GII)	0 = equal 1 = unequal. Devised by UN. Combines reproductive health, education, employment.
Env	Air Pollution Index	Combines measures of pollutants e.g. sulphur dioxide, nitrogen oxides, particulates & volatiles

How do the Trends of Social and Economic Development Differ?

Economic Development	Social Development
<ul style="list-style-type: none"> Global trade has allowed every region to increase GDP per capita since 1980, but progress has been uneven. Developed countries still hold economic power – USA has largest GDP of any country, matched by Europe. China grew rapidly due to global shift since 1970s to be second largest economy by GDP. Other emerging economies e.g. India are developing rapidly due to outsourcing of telecommunications. Growth in developing countries in sub-Saharan Africa has been modest so development gap has widened. 	<ul style="list-style-type: none"> Social development high in developed world where women achieve high economic status. Emerging economies dominated by secondary sector can cause human rights abuses so low health. TNC secondary industries in emerging economies cause land degradation, air and water pollution, leading to malnutrition and respiratory illnesses. Developing countries are still dominated by primary industries which cause trade deficit and high levels of sovereign debt so low social spending.

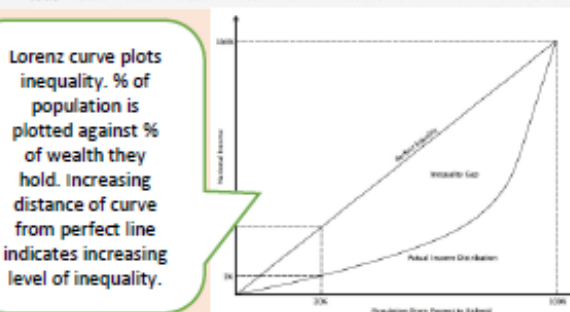
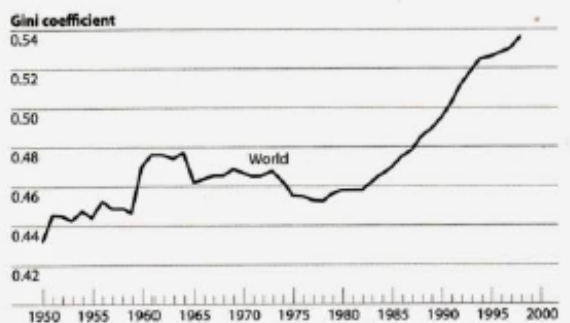
How and Why is Inequality Changing?

Global Inequality
 New International Division of Labour – Jobs in developing and emerging nations are primary and secondary sector so low paid, whilst retailing, research and development in developed countries are very highly paid.

Trade Surplus vs Deficit – Developing countries are trapped in trade deficit as their export low value raw materials and import valuable finished products from developed countries. High levels of debt make it hard to catch up.

National Inequality
 Rural-Urban Divide - TNC investment focuses on urban areas where large pools of labour exist. Governments invest in infrastructure in urban areas for the same reasons. Gap between urban manufacturing and rural subsistence agriculture widens.

Urban Rich-Poor Divide – Manufacturing jobs acts as a pull factor. Rapid urbanisation leads to growth of slums and unemployment as labour supply exceeds demand.
 Ethnic Divide – Indigenous and ethnic minorities are excluded from education due to language or poverty so occupy low wage jobs.



What Attempts have been Made to Control the Spread of Globalisation?

	Strategy	Description and Example	Consequences
National	Censorship	Kim Jong Un's dictatorship control all media to prevent foreign influences and ensure positive opinion of leadership is maintained. Listening to unlicensed DVDs, radio stations and social media content is a 'crime against the state' and carries punishment e.g. hard labour, prison sentences and death penalty.	<ul style="list-style-type: none"> + Reduced diffusion of ideas so less cultural erosion of music, food, dance, dress and religion. - Population lack awareness of disadvantages groups. - Loss of political accountability and freedom.
	Limiting Immigration	In 2008, UK's Labour government introduced a points-based system, ensuring immigration of highly-skilled, educated English-speakers from outside the EU. More recently, UK voters opted to leave the EU in the 2016 referendum by a vote of 52%.	<ul style="list-style-type: none"> + Reduced risk of xenophobia and race hatred from perceived pressure on jobs and state welfare. - Lost potential of thriving migrant diasporas, providing cheap, hard working labour in agriculture.
	Trade Protectionism	Trump has floated the idea of a 45% tariff on Chinese imported goods and has threatened trade embargoes if counterfeiting and intellectual property theft continues. 60% of global counterfeit goods are made in China. Trump has also threatened exiting of NAFTA and free trade between US, Canada and Mexico.	<ul style="list-style-type: none"> + Preferable economy for domestic manufacturing provides low-skilled manual jobs and protection against deindustrialisation. - TNCs less likely to invest as importing raw materials will be expensive due to high tariffs.
Regional	Recycling Schemes	Local authorities increase diversity of kerbside recycling available. In 1990s, recycling was almost exclusively done at bottle banks or local recycling centres. NGOs such as Keep Britain Tidy also campaign for beach and countryside cleanliness through the media.	<ul style="list-style-type: none"> + Recycling plastics avoids over-filling landfills and addition of plastics to oceans. - Rates between authorities vary with only 18% recycled in London, compared to 60% in Oxfordshire. Often due to varied education levels and ease of kerbside access.
	Local Sourcing	Totnes was the world's first Transition Town. A global network now exists using internet and social media to spread the concept. Towns in 50 countries now promote reducing consumption through repairing, reusing and trading, reducing waste and using food from local farm shops. Bristol introduced the Bristol Pound to promote spending in local businesses.	<ul style="list-style-type: none"> + £10 spent locally is worth £23 to the local economy through the multiplier effect with no removal of profits by TNC CEOs. + Reduced ecological footprints so less global impact. - Businesses rely on wasteful consumerism to maintain profits and demand.
	Fair Trade	Fairtrade is an NGO which certifies products with a mark, indicating their products are ethically produced with a fair price paid to farmers. Farmers must agree to environmentally sustainable practices. In 2009, Starbucks served its first Fairtrade coffees from Guatemalan beans but still only 8.5% of sales are Fairtrade.	<ul style="list-style-type: none"> + WTO trade policies mean that small farmers lose out to TNCs in the global market. Fairtrade ensures higher prices for producers. - Fairtrade farmers are required to avoid fertilisers and pesticides so more land is cleared to maintain high enough yields.
Individual	Boycotts	Individuals can chose to avoid specific commodities with environmental consequences e.g. use of plastics and palm oil in food. In the 1990s, boycotts against Nike were common in protest to alleged human rights abuses in Vietnamese factories and low wages with child labour.	<ul style="list-style-type: none"> + Increased awareness on social media of environmental and ethical reasons for boycotts e.g. endangerment of orangutans in Malaysia due to deforestation for palm oil. - Ethical products are high costs so actions tend to be limited to upper-middle class – small scale.
	Campaigns	In Canada, First Nations indigenous people have campaigned for security of land rights and human rights. In 2013, 6/21 resource exploitation projects were close to collapse due to protests e.g. fracking in New Brunswick, soils sands and shale mining in Alberta and the Pacific Trans Pipeline.	<ul style="list-style-type: none"> + Increased equality and recognition of indigenous rights and maintained access to fishing and farmland. + Reduced over-exploitation of resources. - Deters investment from TNCs so reduced provision of higher paid jobs and government tax income.