**EVALUATING GLOBALISATION – Teacher Copy**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | **Analysis (Theories, Concepts, Logical Reasoning)** | **Knowledge and Application (Case Studies)** | | |
| **ECONOMIC GROWTH POINT** | Globalisation delivers increased standards of living and reductions in poverty through greater economic growth and therefore promotes economic growth and welfare. | **As** | * **TRADE:** Global specialisation and greater trade has led to growing living standards, better welfare and reductions in poverty. This has also kept prices low due to economies of scale as countries specialise on what they have a comparative advantage in. [AD curve to the right = increase in Y and multiplier effect]. Greater competition leads to productivity gains [LRAS shifts to the right = increase in Y] from firms earning abnormal profits and investing in new technologies. * **FDI:** Capital flows from countries has led to greater inflows of money into countries. Persistent current account deficits in MEDC’s have been paid off through positive financial accounts. | | **MEDC:** | * UK benefitted from becoming global financial centre and trade with EU * FDI helped plug current account deficit and prevent a run on the pound – significant FDI into UK |
| **EIC:** | * China and India have reduced poverty significantly and increased their influence on the global stage as they have experienced unprecedented growth rates. |
| **LEDC:** | * Zambia able to grow significantly from late 90’s until 2008 to become a ‘middle income country’ due to copper exports and Chinese and Western investment |
| **Ae** | * The rate of growth is too fast!   + ‘**Small is beautiful’**, should we be more like Bhutan and pursue ‘happiness’?   + Has Globalisation led to **too much consumerism** and therefore rising depression and obesity rates? * **Chang’s theory:** Most successful countries had to adopt import substitution industrialisation policies before they started to grow. Globalisation may not be the best scenario for all countries. | | **MEDC:** | * Research suggests that although incomes have risen over the past 30 years in MEDC’s we are not any happier? * Rising mental health and obesity crisis * Personal debt at an all time high as we try to buy more ‘stuff’. |
| **EIC:** | * Rising mental health and obesity issue |
| **LEDC:** | * UK (19th Century) and China (pre 1978) had ISI to build up its industry, why not LEDC’s now? |
|  | | | | | | |
| **RISING INEQUALITY POINT** | Globalisation is racing away and is only benefiting the richer citizens of the world, leaving behind the very poor globally AND nationally. A potential consequence of this rapidly increasing inequality is therefore increased conflict in the future? Terrorism, Armed conflict and Revolution (political change)? | **As** | * **Forced Specialisation:** The poor are kept in their place and often lack full access to Globalisation as the richer countries are able to exploit it. Leads to global and national inequality and can make countries vulnerable to ‘Dutch Disease’ and volatile global prices. * **Race to the Bottom** for ‘host countries’ to attract FDI = leads to reduction in possible tax revenues, growth of monopoly power, increase in poor working conditions and a lack of regulations * **National inequality**: Regional levels of inequality have increased within nations | | **MEDC:** | * Forced specialisation: Structural unemployment in regional areas in the UK. Prosperity in the South-East of UK * Race to the bottom: Tax avoiders – Amazon, Google, Facebook etc. |
| **EIC:** | * Regional inequality – China (urban and rural areas gap getting larger) * Race to the bottom – sweatshops: ‘Foxconn and suicides’ |
| **LEDC:** | * Forced speciasilation – Zambia ‘forced’ to specialise in copper and find it hard to diversify economy; therefore vulnerable to fluctuations in copper prices. Economy hit hard by lack of demand for copper in wake of Financial Crisis of 2007. Ethiopia forced into coffee production and subsequent collapse of coffee price has led to greater poverty. * Regional inequality – Zambia (urban and rural areas gap getting larger) * Race to the bottom – Glencore in Zambia avoiding tax, increased competition from Chinese into Zambian economy (chicken farming and textiles) |
| **Ae** | * Trickle-down theory: if the rich get richer, this can trickle down to the poor * Inequality provides an incentive to do better! * Other factors have contributed to inequality; not just globalisation | | **MEDC:** | * Race to the bottom: Monopoly power and Tax avoiders – EU doing something about this and fining the likes of Google for example £2billion for abuse of powers and failure to pay tax. |
| **EIC:** | * Trickle-down: China has benefitted from the ‘scraps’ from the MEDC’s table and are now in a position to challenge MEDC’s internationally (and militarily)…is there really inequality? * Race to the bottom: the growth of ‘sweatshops’ is perhaps the price to pay for development. MEDC’s went through similar periods in the 19th and early 20th century? |
| **LEDC:** | * Forced specialisation – EU barriers of tariff escalation for Ethiopian coffee roasting are to blame NOT Globalisation. Dumping occurs because of subsidies to EU and US farmers. Failure of the WTO to remove these protectionist measures. * Other reasons why LEDC’s are not developing: corrupt Governments (Zambia in the 90’s) and poor decisions in the 1960’s to adopt ISI in Zambia led to overly protectionist policies and the subsequent debt crisis. * Zambia being landlocked has not helped any drive towards ‘export orientated industrialisation; perhaps some countries are not meant to benefit? |
|  | | | | | | |
| **UN-SUSTAINABLE POINT** | Globalisation is not a sustainable model. We are growing today at the expense of future generations in terms of economic, socio-political and environmental reasons. This is a shortcut to prosperity. | **As** | ECONOMICALLY:   * Reliance on FDI has led to vulnerability for economies – will a persistent current account be paid off forever? Will foreign investors pull out their money. * Rising inflation in these countries due to AD curve shifting to the right.   ENIVRONMENTALLY   * Degradation: Reduction in the quality of the environment. This is emphasised by the competition of LEDC’s to attract FDI and trade benefits – less environmental regulations mean less costs * Depletion: consumption of non-renewables? | | **MEDC:** | * UK vulnerable and pound fallen recently because of BREXIT vote; is there a danger of further problems? * Rising oil prices * Threats from global warming |
| **EIC:** | * FDI – East Asian Crisis damaged whole South-East Asian area * Inflation – Chinese workers wages rise and movement to cheaper places like Mexico? * Threats from global warming |
| **LEDC:** | * FDI – worries about foreign investors pulling out which might mean Zambia’s copper production grinds to a halt * Threats from global warming |
| **Ae** | ECONOMICALLY:   * Pulling out FDI is particularly hard as sunk costs might be very high. If a firm has invested in roads and a factory, it is much harder to recoup those costs. * Inflation historically low with Globalisation as prices fall due to global competition and economies of scale benefits.   ENVIRONMENTALLY   * Degradation: continued international co-operation through Paris Accord and other initiatives * Depletion: market forces will solve depletion of fossil fuels as they will become too expensive, and consumers will switch to cheaper (and more plentiful) substitutes as technology develops | | **MEDC:** | * Well established energy firms, car manufacturers in the UK for example |
| **EIC:** | * SMOG and pollution – respiratory problems, major killer in China as are polluted rivers (‘cancer villages’) * Huge investment in cleaner and renewable energies |
| **LEDC:** | * Should they not have the right to have the same opportunities to use dirty energy as MEDC and EIC’s before them? |

**EVALUATING GLOBALISATION: Generic Essay Structure**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | **Analysis (Theories, Concepts, Logical Reasoning)** | **Knowledge and Application (Case Studies)** | | |
| **ECONOMIC GROWTH POINT** | Globalisation delivers increased standards of living and reductions in poverty through greater economic growth and therefore promotes economic growth and welfare. | **As** | * **TRADE:** Global specialisation and greater trade has led to growing living standards, better welfare and reductions in poverty. This has also kept prices low due to economies of scale as countries specialise on what they have a comparative advantage in. [AD curve to the right = increase in Y and multiplier effect]. Greater competition leads to productivity gains [LRAS shifts to the right = increase in Y] from firms earning abnormal profits and investing in new technologies. * **FDI:** Capital flows from countries has led to greater inflows of money into countries. Persistent current account deficits in MEDC’s have been paid off through positive financial accounts. | | **MEDC:** |  |
| **EIC:** |  |
| **LEDC:** |  |
| **Ae** | * The rate of growth is too fast!   + ‘**Small is beautiful’**, should we be more like Bhutan and pursue ‘happiness’?   + Has Globalisation led to **too much consumerism** and therefore rising depression and obesity rates? * **Chang’s theory:** Most successful countries had to adopt import substitution industrialisation policies before they started to grow. Globalisation may not be the best scenario for all countries. | | **MEDC:** |  |
| **EIC:** |  |
| **LEDC:** |  |
|  | | | | | | |
| **RISING INEQUALITY POINT** | Globalisation is racing away and is only benefiting the richer citizens of the world, leaving behind the very poor globally AND nationally. A potential consequence of this rapidly increasing inequality is therefore increased conflict in the future? Terrorism, Armed conflict and Revolution (political change)? | **As** | * **Forced Specialisation:** The poor are kept in their place and often lack full access to Globalisation as the richer countries are able to exploit it. Leads to global and national inequality and can make countries vulnerable to ‘Dutch Disease’ and volatile global prices. * **Race to the Bottom** for ‘host countries’ to attract FDI = leads to reduction in possible tax revenues, growth of monopoly power, increase in poor working conditions and a lack of regulations * **National inequality**: Regional levels of inequality have increased within nations | | **MEDC:** |  |
| **EIC:** |  |
| **LEDC:** |  |
| **Ae** | * Trickle-down theory: if the rich get richer, this can trickle down to the poor * Inequality provides an incentive to do better! * Other factors have contributed to inequality; not just globalisation | | **MEDC:** |  |
| **EIC:** |  |
| **LEDC:** |  |
|  | | | | | | |
| **UN-SUSTAINABLE POINT** | Globalisation is not a sustainable model. We are growing today at the expense of future generations in terms of economic, socio-political and environmental reasons. This is a shortcut to prosperity. | **As** | ECONOMICALLY:   * Reliance on FDI has led to vulnerability for economies – will a persistent current account be paid off forever? Will foreign investors pull out their money. * Rising inflation in these countries due to AD curve shifting to the right.   ENIVRONMENTALLY   * Degradation: Reduction in the quality of the environment. This is emphasised by the competition of LEDC’s to attract FDI and trade benefits – less environmental regulations mean less costs * Depletion: consumption of non-renewables? | | **MEDC:** |  |
| **EIC:** |  |
| **LEDC:** |  |
| **Ae** | ECONOMICALLY:   * Pulling out FDI is particularly hard as sunk costs might be very high. If a firm has invested in roads and a factory, it is much harder to recoup those costs. * Inflation historically low with Globalisation as prices fall due to global competition and economies of scale benefits.   ENVIRONMENTALLY   * Degradation: continued international co-operation through Paris Accord and other initiatives * Depletion: market forces will solve depletion of fossil fuels as they will become too expensive, and consumers will switch to cheaper (and more plentiful) substitutes as technology develops | | **MEDC:** |  |
| **EIC:** |  |
| **LEDC:** |  |