AQA Geography A-level

3.2.1: Global Systems and Global Governance

Detailed Notes

Globalisation

What is Globalisation?

Globalisation is the process of becoming more **globally connected** on a variety of scales. It is the **movement** of people, knowledge, ideas, goods and money **across national borders,** leading to - theoretically - a '**borderless world**'.

Economically, politically, socially and culturally, all countries are **connected** in the sense that we are all influenced by one another. We **buy** products made in other countries, we talk to people across the globe on **social media**, we embrace other countries' **cultures** such as their music or food. All of this is evidence of globalisation influencing our lives right now. Here are some more examples of globalisation on different scales:

TYPES OF GLOBALISATION

ECONOMIC

- Transnational corporations (**TNCs**) trade products internationally and use international **outsourcing** and **offshoring** to lower costs.
- Industries moved to **developing** countries to save money on labour, bringing economic growth there.
- **Trade blocs** create economic integration between states and promote development.
- **Sources of income** from international companies.
- **Global transactions** of money, e.g. buying something that is shipped from China.

POLITICAL

- Governments form **connections** to trade, such as **trade deals** and **trade blocs**.
- **Western democracies** especially have had a global influence on political ideas, such as development of **market economies** in former communist states.
- **Deregulation** (removing state regulations) policies allow markets to grow with an international reach.
- International **organisations** exist to harmonise national economies and political relations, e.g. the UN

CULTURAL

- Exposure to **media sources** such as television and social media allow a recognition and understanding of other cultures.
- The ability to **travel internationally** lets people experience cultures.
- Individuals have a greater **awareness** and understanding of world events due to education and news sources.
- **Westernisation** - the domination of western cultural traits in non-western areas, e.g. well known western brands like Starbucks seen in Asia.

SOCIAL

- International **immigration** is creating **multicultural** societies where people share and adopt cultures (e.g. cultural food shops).
- **Social networking** has revolutionised human connections, as tech platforms enable **interactions** with people living in different countries and access to international information.
- Global **NGOs** and charities are involved in the global improvement of education and health, such as the World Health Organisation and Amnesty International.

Even our environments are **globalised** as pollutants from other countries can affect our **climate**. Also, **laws** and **regulations** are put in place by **intergovernmental organisations (IGOs)** that affect what we can do to our environment, such as the Montreal Protocol (1987) which - among other things - called for drastic reductions in the production of CFCs **internationally**.

In the 21st Century, our societies are **globalised societies**; (almost) everyone in the world is influenced by other countries and people. Without globalisation, there would be **no interaction** or influences from other countries. That means every product we buy would be made in the UK, there would be no international holidays, and probably no chocolate! We need globalisation in order to **thrive** as societies, as the things we share with other countries allow our societies to develop.

Dimensions of Globalisation

When countries **share** things with one another, it's known as a **flow**. This is because things are **flowing (moving)** from one country to another. Flows can be physical like people or products, but they can also be ideas and concepts such as money (capital), services, or information.

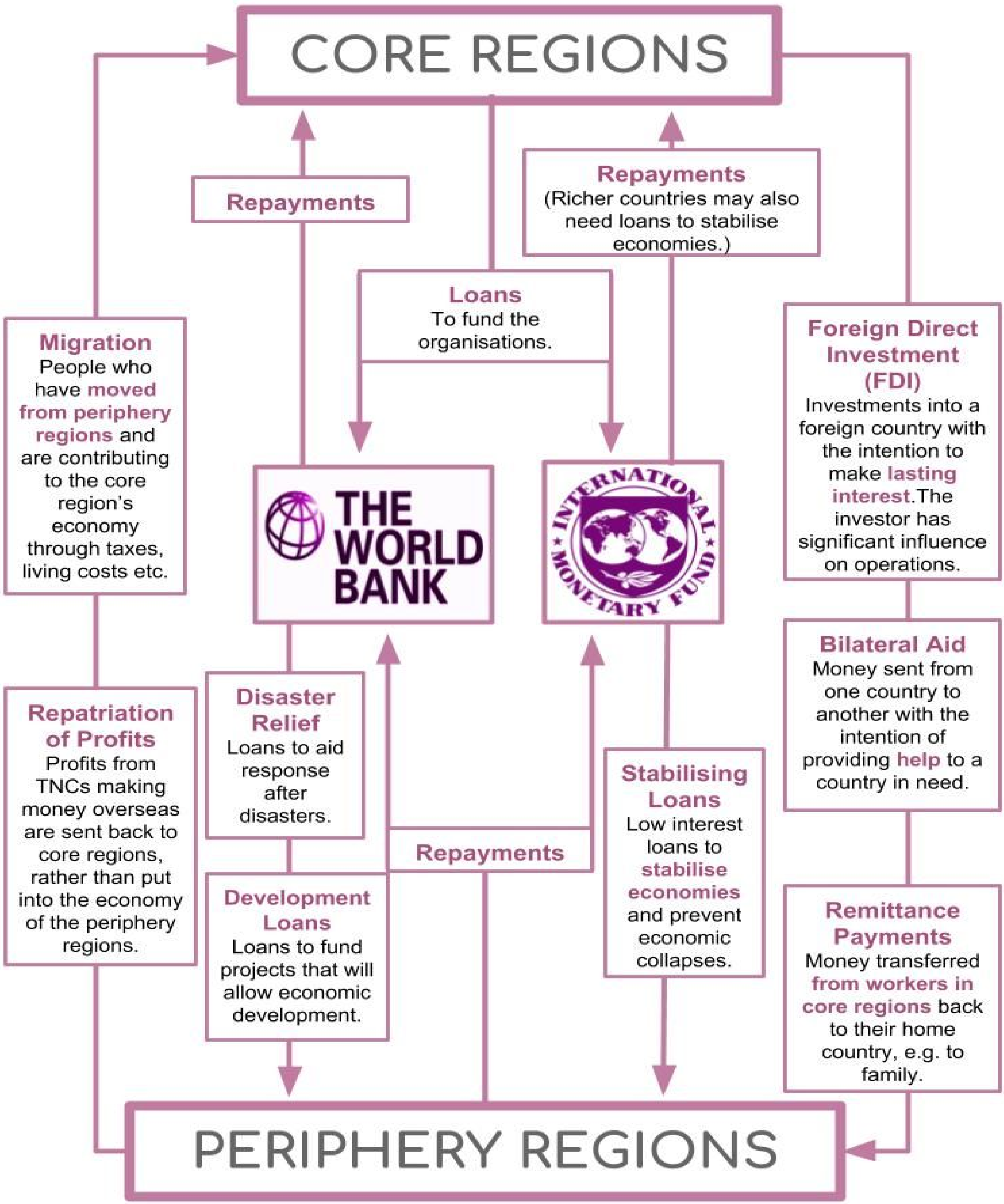
The different flows in globalisation are: **capital, labour, products, services and information**. These flows are the **dimensions** of globalisation - they are the reason globalisation exists.

Capital	Capital flows are the movement of **money** for the purpose of **investment**, **trade** or **business production.**
Labour	Flows of labour are the movement of **people** who move to **work** in another country.
Products	Flows of **physical goods** from one country to another.
Services	Services are '**footloose**' industries, meaning they can locate anywhere without constraints from resources or other obstacles. Services flow as they can be produced in a **different country** to where they are **received** (e.g. international call centres).
Information	Any type of information can **flow** from one place to another via the internet, SMS, phone calls etc. For example, international news.

Flows of capital

There are **millions** of capital flows happening all over the world. Some of the world's major flows occur between 4 main groups:

1. **Core regions** - wealthier, developed countries that have power
2. **Periphery regions** - less wealthy, developing/ less developed countries that have less power)
3. The **International Monetary Fund (IMF) -** an international corporation that aims to (in their words) 'foster global monetary cooperation, secure **financial stability**, facilitate international trade, promote high employment and sustainable **economic growth**, and reduce poverty around the world.'
4. **The World Bank -** a group of global institution that give out **loans** for development or relief.


CORE REGIONS
Repayments
Repayments
(Richer countries may also need loans to stabilise economies.)
Loans
To fund the organisations.
Migration
People who have moved from periphery regions and are contributing to the core region's economy through taxes, living costs etc.
THE WORLD BANK
INTERNATIONAL MONETARY FUND
Foreign Direct Investment (FDI)
Investments into a foreign country with the intention to make lasting interest. The investor has significant influence on operations.
Bilateral Aid
Money sent from one country to another with the intention of providing help to a country in need.
Repatriation of Profits
Profits from TNCs making money overseas are sent back to core regions, rather than put into the economy of the periphery regions.
Disaster Relief
Loans to aid response after disasters.
Repayments
Stabilising Loans
Low interest loans to stabilise economies and prevent economic collapses.
Development Loans
Loans to fund projects that will allow economic development.
Remittance Payments
Money transferred from workers in core regions back to their home country, e.g. to family.
PERIPHERY REGIONS

Capital flows also occur **within** core regions. Huge capital flows pass through the major **stock markets** in megacities. Also, in the EU, cross border trade in finance has increased due to **absence of barriers**.

Flows of Labour

Labour flows are essentially **migration**. There are different types of migration, and it is important to recognise what type of migration has moved **for the purpose of contributing to the country's workforce**.

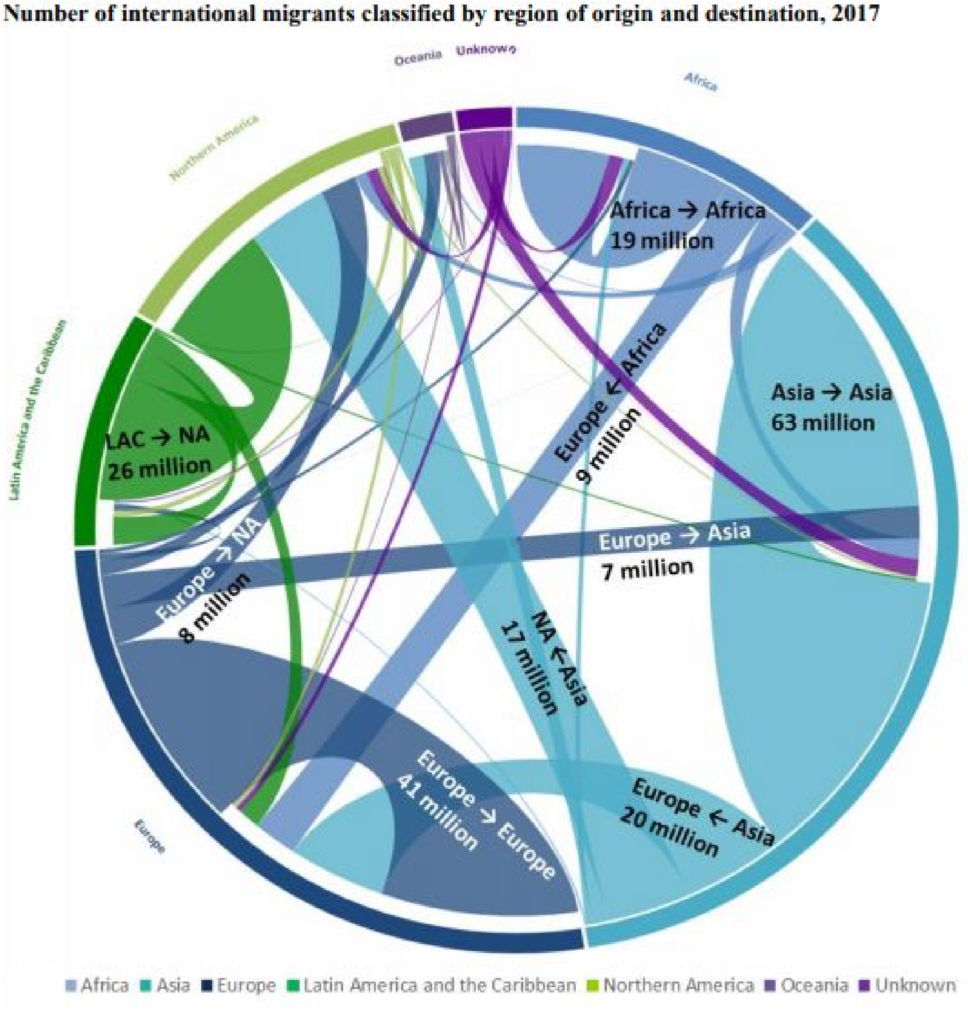
Economic migrants - People who have moved **voluntarily** for reasons of work and improved quality of life.

Refugees - People who have been forced to leave their homes and travel to another country due to fleeing **conflict, political or religious persecution**. They have been granted permanent or temporary residency by the host country or the UN refugee agency (UNHCR).

Asylum seekers - People who have left their country and are seeking asylum in another. They are waiting to be granted residency and to become a refugee.

Major Labour Flows

Number of international migrants classified by region of origin and destination, 2017



Source: United Nations (2017a)

International labour flows are flows from **one country** to **another country**. Today, **3-4% of the world's population are international migrants**.

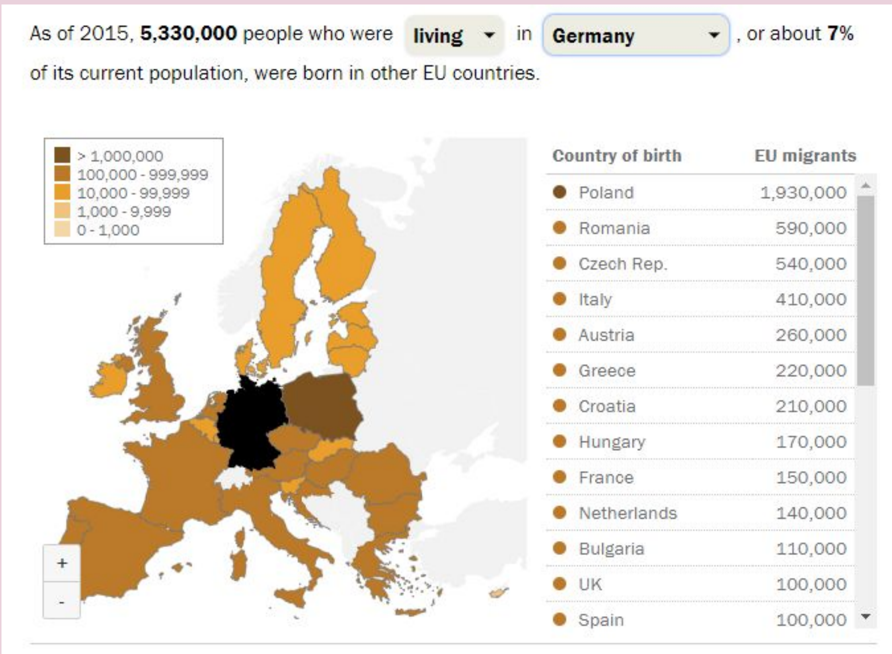
The majority of international migration is migration **to** a high income country. **14.1% of high income country populations** are made up of international migrants, whereas only **1.6% of low income country populations** are made up of international migrants.

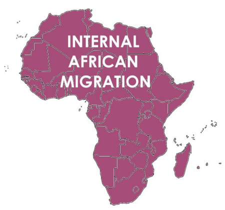
Within continents, the three major labour flows are between:

Asia - 63 million people moved to a different area of Asia while living in Asia in 2017, making it the largest labour flow in the world. The largest flows are between South Asia to West Asia; 5 million migrated from India, Pakistan and Bangladesh to Qatar, Saudi Arabia, the UAE and Bahrain. This movement is usually for better job prospects as Western Asia is generally wealthier.

Europe - 41 million moved to other areas within Europe in 2017. Germany holds the largest amount of European migrants**.** The majority of German immigrants have moved from Eastern European countries such as Poland (1.9 million living in Germany), Romania (590,000 migrants), and the Czech Republic (540,000 migrants). The UK has the second highest amount of European migrants within the EU, with 700,000 from Poland and 500,000 from Ireland.

This interactive map is an excellent resource for looking at flows of labour within Europe. (http://www.pewglobal.org/interactives/origins-destinations-of-european-union-migrants-within-the-eu/)





Africa - 19 million people move within African countries. Movement in Africa, especially Sub-saharan Africa is between neighbouring countries, as moving is costly and the majority of these countries are low income countries. The countries with the largest migrant populations are South Africa (around 4000), Côte d'Ivoire (around 2200), and Nigeria (1200). South Africa and Nigeria are also the wealthiest African countries (GDP), which may be why they have the highest labour flows.

Between continents, the largest labour flows are:

Latin America and Caribbean (LAC) to North America - **26 million people** emigrated from Latin America and the Caribbean to North America in 2017, making it the **3rd largest global labour flow**, and the largest flow from one continent to another. Nearly **22 million** migrants are from **Latin America**, whereas around **4 million** are from the **Caribbean**.

Latin America migrant populations are highest in **California (5.4 million)**, **Texas (3 million)** and **Florida (nearly 3 million)**. The majority of Latin America emigration is from **Mexico (11.5 million people)**.
Caribbean migrant populations are the highest in **Florida (1.6 million)** and **New York (1 million)**. The majority of Caribbean migrants of North America are from **Cuba (nearly 1.2 million)**

Asia to Europe - **20 million migrants** move to areas of Europe from Asia. Around 12% of all migrating Asians (including those migrating to different areas of Asia) live in Europe. **Germany, England, France and Spain** are the European countries with the highest number of Asian migrants. Germany is the highest, with over **1 million people from Kazakhstan** living in Germany, and over 250,000 from both Iran and Iraq. **England's largest Asian population is from India (840,000 people),** and also has high populations of Pakistanis and Bangladeshis. France and Spain have large amounts of Eastern and South Eastern Asians, such as those from Vietnam, China, and the Philippines.

Asia to North America - 17 million Asian migrants moved to North America in 2017. The majority of Asian migrants are from **Eastern Asia (4 million)**, **South Eastern Asia (4 million)** and **South Central Asia (3.5 million)**. These migrants live mainly in **California (nearly 4 million)** and **New York (1.2 million)**. Migrants from **China** make up the majority of Asian migrants in the USA specifically (**2.5 million**), followed by India (**2.2 million**) and the Philippines (**1.9 million**).

There are different **types of labour** that contribute to a country's workforce. Workers can be **highly skilled** or **unskilled**. Both of these workers usually migrate to **higher income countries** searching for better job prospects.

Highly skilled workers are usually highly trained in jobs that require a **great deal of skill**, such as in medicine, science, or ICT. Highly skilled workers may move to high income countries as **wages are higher for the same job** than in lower income countries. Many countries **rely** on the flow of highly skilled workers as they utilise their skills. The NHS is a prime example of a highly skilled service that is reliant on labour flows - only 63.4% of all doctors in the UK are trained here; many medical professionals come from abroad such as from India, Pakistan and the Philippines. [This graphic](https://static.guim.co.uk/ni/1390829680973/NHS_staff_graphic.pdf) breaks down the different ethnicities of medical professionals working for the NHS.
(https://static.guim.co.uk/ni/1390829680973/NHS_staff_graphic.pdf)

Unskilled workers take positions that do not necessarily require **qualifications** or **intensive training**, therefore usually the work has **lower economic value** than that of highly skilled labour. Unskilled workers also move to developed countries for better wages and usually because of **high unemployment rates** in their countries. This can lead to **overpopulation** and **exploitation**, because many workers are still left in underpaid and often illegal work. This means many migrants continue to be low paid and low skilled.

Flows of Products

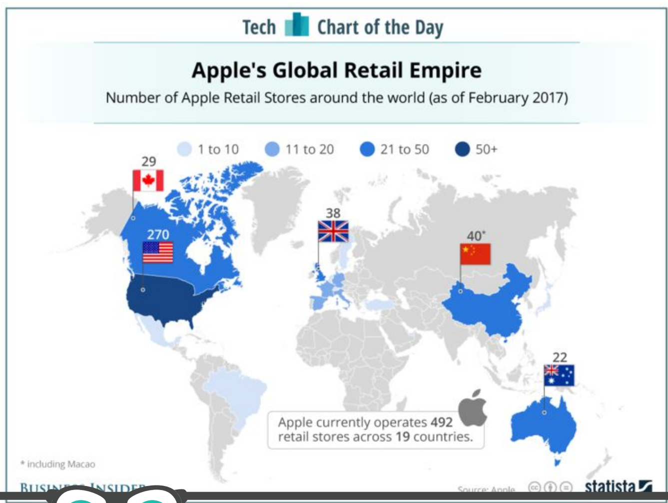
Product flows are the movement of produced goods from area of **production** to area of **consumption**. Increased globalisation has caused product flows to become **international**, meaning products are **produced** by a country and then **transported** to another country. In 2015, value of world trade of food and manufactured commodities was $25 trillion, demonstrating the extent of these flows.

In the past, produced goods were manufactured in **high income countries** due to them having access to resources such as factories and the ability to buy materials. As well as this, products were usually sold within the country they were produced in.

In recent decades, there has been a **shift** in product flows from internal (within the country) to international. **International trade** has now created major product flows, especially flows between low income and high income countries. Due to **technological advancements** such as better **transportation and communication**, products can now be produced in **low income countries.** This is beneficial to manufacturers as there are **lower labour costs**, meaning a large amount of companies have **relocated** internationally to produce their goods (known as **offshoring**). The products are produced for **lower costs**, then transported to high income countries to be sold at a much higher price, increasing profits. This, however, has caused a decrease in the manufacturing industry in high income countries. Employment in the manufacturing business in the UK has decreased by over 3.4 million jobs since 1985.

The reason as to why global product flows have shifted to **low income countries (transportation, communication, new systems, new relationships etc.)** will be explored further in **Factors Affecting Globalisation.**

Product flows are also recently changing, due to **emerging economies**. As these economies grow, so does the amount of **wealthier, middle class civilians**. Therefore, there is an increasing demand for **materials and manufactured products** in these growing **consumerist** societies. For example, the first Apple shop opened in China in 2008, and now there are 40 stores open, showing the demand for consumerist products.



Flows of Services

Service industries can flow due to the ability to transfer information in the globalised world. Services can be transferred on phone calls or via the internet, meaning there is no longer a need for the industry to be **tied down to a location**.

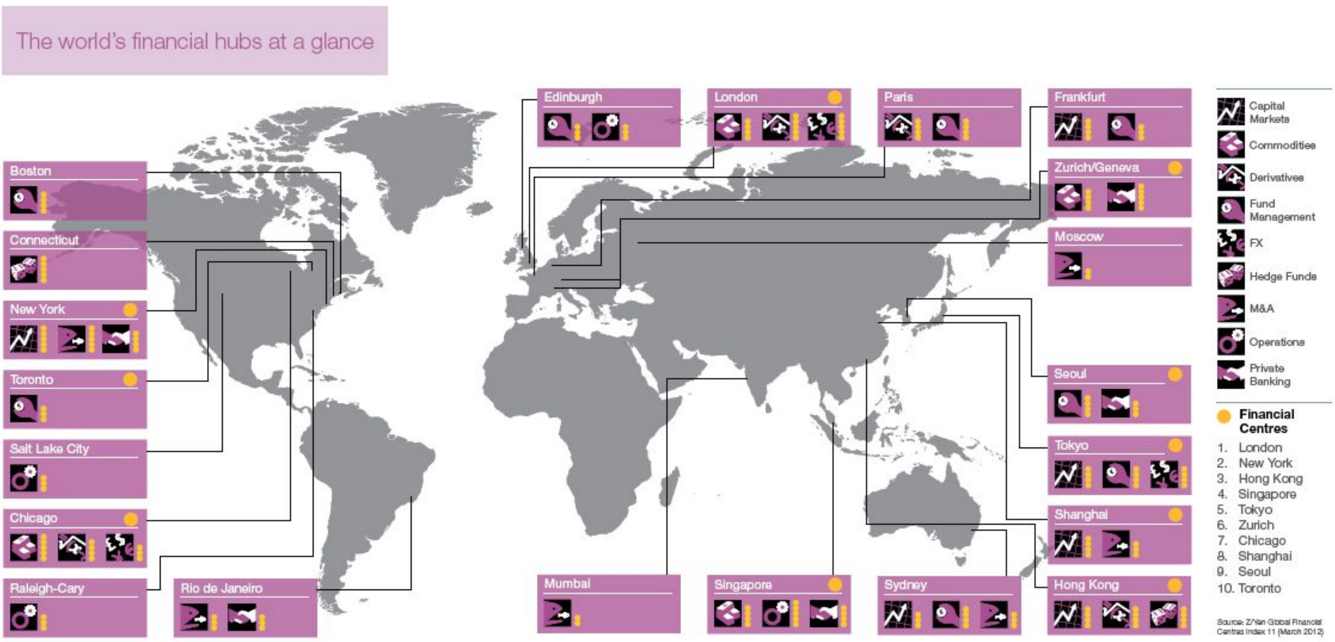
There are two types of services, **high level** and **low level:**

- **High level services** are activities that generally require a higher **skill level**, they are usually **important** and **complicated**, meaning the person delivering the service should be **qualified and trained** so that they can deliver the best service possible. A prime example of a high level service are **financial services**; those who give financial services are usually trained and fully qualified as they should be well-informed to make decisions about money.

- **Low level services** are services that require less training, and are not as important to consumers. These services are mainly **customer service based**, especially **call centres** as workers only need basic training to offer advice or to sell products.

> Interestingly, Indian call centre workers on average are **more qualified than call centre workers in England** (many having graduate or postgraduate degrees). However, there is a lack of high level service **job opportunity** in India for those who possess relevant qualifications
> https://www.telegraph.co.uk/finance/personalfinance/2877949/Whos-taking-your-call.html

High level services are usually concentrated in higher income countries, are are increasingly locating to **global hubs** within cities. This map of financial centres shows how these high level services are mainly concentrated within certain cities, and the majority of these are in **high income countries**, as well as increasingly emerging economies.



(Source: https://news.efinancialcareers.com/binaries/content/gallery/efinancial-careers/articles/2012/10/financial-centres.jpg)

In contrast, **low level services are offshoring** (moving overseas) in order to take advantage of lower labour costs. Those in higher income countries can utilise these services at home by simply calling up a customer service centre based in India, which has **developed global connections** and accelerated globalisation.

Flows of Information

Global information flows have grown rapidly since the 90s. The development of **internet use, social media platforms and entertainment services** have allowed information to be transferred globally with ease.

These information flows occur for different **purposes**, and occur across many **platforms**.

- **Fast broadband** and **connections** allows news and financial information to be transferred almost instantly, allowing people to be more informed about global current events.
- **Social media** has allowed people to communicate across countries, and allows people to experience other cultures, making people across the world more **interconnected**.
- **Real time data** and data transfers contribute to the '**knowledge economy**' (quaternary industry). This is essentially the industry that requires information to develop, rather than products such as agricultural produce or manufactured products. The ability to transfer information has created developments in **stock markets, high-tech products, the education sector and many other areas of society.**
- Large **databases** and **archives** can be used for research and education.
- The ability to research allows people to seek better **employment opportunities**, creating more global connections and allowing online, work-from-home jobs.

Global Marketing

Globalisation has allowed businesses to **market** (advertise, promote and sell) their products on an **international scale**. This has grown many businesses due to increased **recognition** and **profit**. Global marketing involves different marketing strategies that overall allows the marketing to succeed:

Awareness of the brand: when a brand creates a **trademark** (a legally registered representation, such as a logo) it can be easily recognised by consumers. A familiar brand is more likely to sell as they are chosen over less well-known competing brands. By keeping this trademark worldwide, consumers in other countries are likely to recognise the brand and trust it.

American brands such as Apple, Coca Cola, and Nike have developed a **global awareness** of their brand, and are internationally well known. Buyers may assume their **success** and **popularity** equates to a good product, so the familiar brands are seen as **trustworthy** and continue to grow.

Keeping the same strategy: it is more beneficial for a product to be marketed globally using the **same strategies**, rather than changing the strategy for each country. To make any changes to a marketing campaign will be **costly**, e.g. the costs for employment. Global marketing campaigns usually only need to change the **language** in order to promote their product, hence why some adverts are **dubbed over with a different language** (look at the dubbing on this [Renault advert](www.youtube.com/watch?v=4T-3zcDjtY4)! www.youtube.com/watch?v=4T-3zcDjtY4) Sometimes, though, a marketing campaign may need changed in order to respect cultural differences, such as religion or preferences.

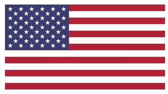
(Source: https://livejapan.com/en/article-a0001613/)

KitKat is an excellent example of global marketing in place. As a British company, KitKat appeared in Japan in 1973. Since then the brand has become extremely popular overseas, and Japan is now the only place in the world to sell the hundreds of **unusual flavoured varieties** such as Baked Potato, Cherry Blossom, and French Salt. The logo still stays the same. KitKat has edited its marketing strategies to appeal to the Japanese **collectibles** culture as well as the **unusual products** popular in Japan. The concept of altering business practices for local interest and tastes is known as **glocalisation**.

Patterns of Production, Distribution and Consumption

PRODUCTION

Developed markets **dominate** the global exports in manufactured goods, especially the EU and the US.



Agricultural products

The **EU** and the **US** are the top exporters of agricultural products, but many other **emerging economies** are in the top 10, including Brazil, China, Indonesia, Argentina, and India.

Fuels and mining products

Although the EU is the top exporter of fuels and mining products, a large majority of **emerging economies** in the Middle-East are also large producers due to the oil industry. Russia, Saudi Arabia, UAE, and Qatar are all in the top 10 exporters of fuel and mining products.

Steel and Iron

The EU dominates the iron and steel exports, but many **LICs** are also large exporters. China, Russia, India, Brazil and Ukraine are all in the top 10 exporters.

Textiles

The EU and the US are, again, on the leaderboard, however the majority of textile exports are dominated by **emerging economies**. China is, by far, the largest exporter of textiles. India, Turkey, Pakistan, and Vietnam (which is not even considered an emerging economy as it is too small of a market) are all major exporters.

Chemicals

Chemical exports are dominated by the EU, followed by the US. There are many developed economies exporting chemicals, including Switzerland, Japan and Canada. Chemical exports within emerging economies are also high.

Although the EU is the second largest exporter of clothing, the majority of clothing exports are highly concentrated in LICs, some even too poor to be considered an **emerging economy**. China is the highest exporter of clothing, as well as India, Turkey and Indonesia - all emerging economies. However, Vietnam, Cambodia and Bangladesh are all large exporters of clothing, showing the industry to be heavily based within **low income countries**.

Clothing

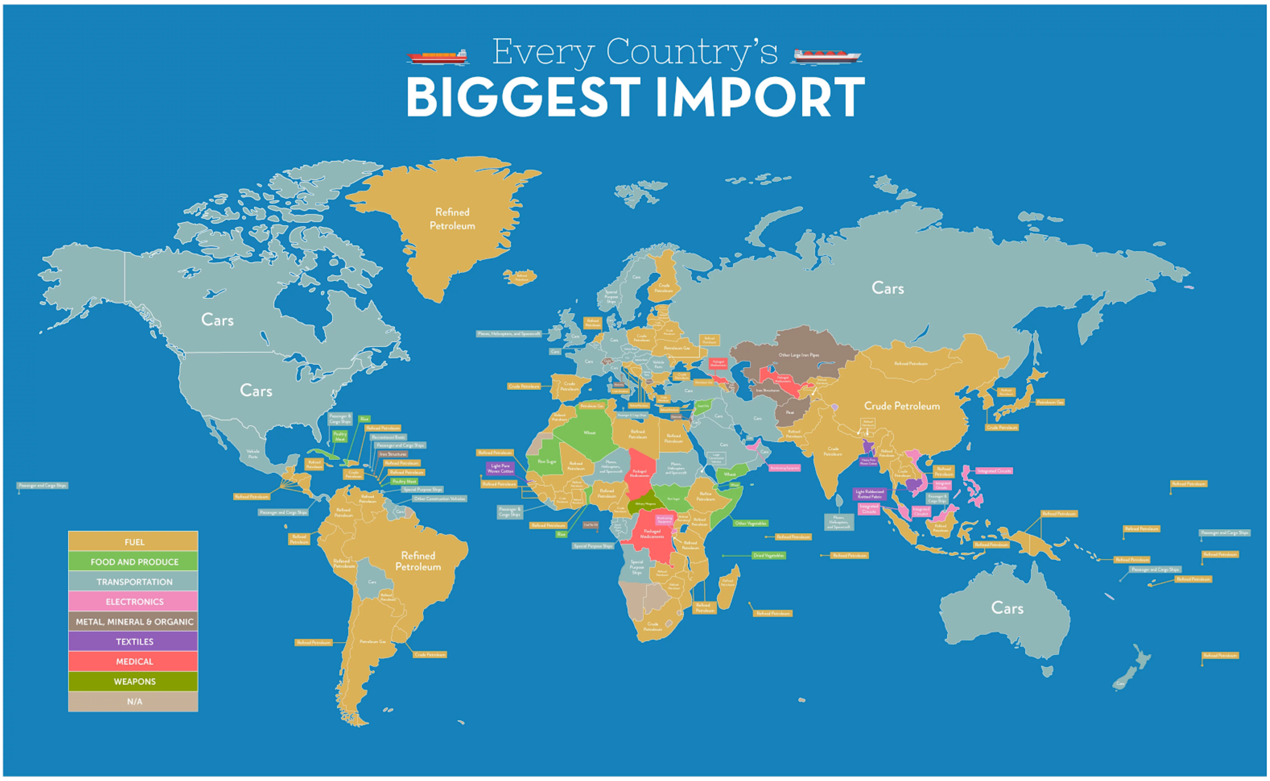
Office and telecom equipment

Although the US and the EU are on the top 10 exporters, the majority of office and telecom equipment exports are concentrated in **emerging economies**. China (making up a third of the entire market), Singapore, The Republic of Korea, Taiwan, Mexico and Malaysia make up the top 10. The amount of office equipment produced in these regions is likely due to the cheap labour prices, and ability to make and ship products in **bulk**.

HICs and developed markets make the majority of automotive products (The EU, Japan, US, Canada). Mexico, China, Thailand, India, and other **emerging markets** are also becoming large exporters of automotive products, but the industry is very much in the developed markets as of today.

Automotive products

CONSUMPTION



Data sourced from the Observatory of Economic Complexity. Full data can be found via bit.ly/import-and-exports

vouchercloud

For an enlarged version, visit: https://images.vouchercloud.com/image/upload/q_auto,f_auto,fl_strip_profile/imports_map

In general, HICs **consume** manufactured products more than LICs. This is because there is a lot less **demand** for goods in LICs. In **developing economies**, there is a demand for fuel and minerals due to the rapid **industrialisation** in these economies, especially Brazil, China, and India.

In the least developed countries, imports are low. Chad and the Democratic Republic of Congo, and two former Soviet states – Georgia and Uzbekistan - import **medical supplies** more than any other country.

Factors Affecting Globalisation

Globalisation has **accelerated** and **deepened** due to different advancements globally. The development of technology, international relationships, and the implementation of systems have helped in creating a more globalised world. These advancements include:

$ New financial technologies and systems

Financial systems

The financial system is the relationship between those who **borrow** money, those who **invest** money, and the institutions that **hold, give out and take in** this money.

The most basic example of a financial system is a bank. Those who have money and want to make a **profit** from this **invest** into the bank, as they will get **interest** by keeping it saved there. Those who need money take **loans** from banks and will pay this back with interest. The bank (theoretically) uses the money from those who have deposited it by giving it to those who need loans.

Globalisation has caused this system to become a **global process**, incorporating thousands of institutions and banks. Now the borrowing/investing relationships occur **internationally** as well as nationally.

The **global financial system** accelerates globalisation as it makes the world more **connected**:

- Banks are now large global institutions that work with **millions of people's money**.
- Multinational corporations **invest** their profits for more **interest**, meaning **billions of dollars** are put in the system
- People buy and sell **shares and stocks** from global corporations. These purchases are done all over the world, and people from any nation can buy them.
- Entire countries invest and take loans from huge financial institutions such as The World Bank, which is a huge global flow of capital.
- Countries also borrow, lend, and invest in other countries, which develops the **relationships** between the countries.

Financial technologies

Financial technology has made financial information and money **easily accessible** for people across the world, deepening the connections between countries:

- Informed decisions about investments, buying and selling, and other financial information is all available due to global **communication technology**, e.g. stock market trends are easily accessible
- The ability to connect with international banks have allowed people to have **offshore bank accounts**, creating more personal wealth
- Global banks can operate due to their ability to **communicate** with their national and regional branches
- Companies can operate even when they are relocated to other (usually low income) countries as money can be transferred to a country (for building factories, buying materials etc.) and profits can be sent back to the company headquarters.
- Specifically, the ability to **transfer money** thanks to the **internet** has revolutionised global finance, allowing the world to be connected:
    - People can **buy and sell things globally** without having to meet the buyer to pay
    - **Remittances** (money sent back to home country) can be sent home with speed and ease
    - **Cryptocurrency** (encrypted digital currency) has been developed, which has created a whole new market for online currency and trading

✈ Transport technologies, systems and relationships

Transporting goods

Innovations in transport have made it easier to **transport goods faster** and in **larger quantities**. High speed rail, and faster and bigger planes and boats have allowed the world to become more connected and **globalised** through these connections.

Larger and faster aircraft with increased capacity have reduced travelling times, meaning products can be sold over a larger distance in a shorter space of time. Planes are built for the purpose of transporting goods, known as **cargo aircraft**. These large planes have accelerated globalisation.

(Source: https://northglennews.co.za/106314/super-jumbo-aircraft-makes-largest-ever-delivery-dube-tradeport/)

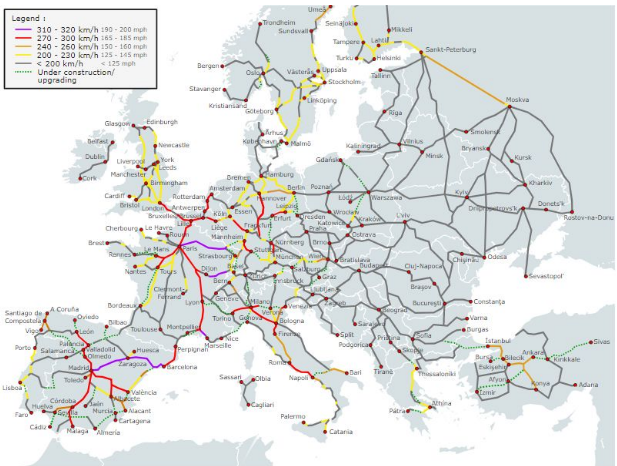
Containerisation has also changed how **freight** (products transported in bulk) can be transported internationally. Containerisation is the process of using large **shipping containers** to transport goods. Since the production of the large metal containers in the 50s, huge amounts of products have been loaded onto trains, planes and boats and transported. Containerisation makes global transportation **cheaper** as less trips are needed to transport the same amount of product.

(Source: https://www.worldatlas.com/articles/the-biggest-container-shipping-companies-operating-today.html)

Transporting people

New innovations in transport have also allowed for more **flows of labour**. People are able to move to **different countries** quicker and cheaper than ever before.

High speed rail is an example of new transport technology that has increased global flows of labour. High speed rail. provides important transport between neighbouring countries. It links rural and urban areas in China, and has accelerated rural-urban migration here. High speed rail has also developed in Europe since the 80's, and now many neighbouring countries are accessible through cross-border trains. This has allowed for flows of people internationally, as it is cheaper and faster to move to a desired country.



(source:https://en.wikipedia.org/wiki/High-speed_rail_in_Europe#/media/File:High_Speed_Railroad_Map_of_Europe.svg)

Air travel has also revolutionised the transportation of people due to **faster and cheaper** flights. Since the **deregulation of travel markets**, international airlines have been able to fly without countries favouring their own **nationalised** airlines (e.g. British Airways in the past). Flights are now more **affordable** and **attainable** due to the amount of **choice** and **competitive rates**, as well the ability to book **online**.

Jet2.com The low cost airline

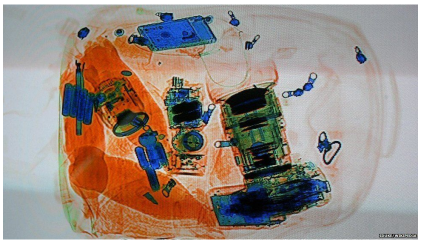
RYANAIR

Air travel **technology** has also improved; flight times are **quicker** and there are more **destinations** available to travel to. For example, in March 2018, the **first non-stop flight between Australia and UK took place**, taking just over 17 hours. Air travel technology and management has **lowered prices** and **expanded** the **places** people can travel to, which has allowed millions of people to be transported overseas.

Security technologies and systems

Due to our world being globalised, countries face **threats** from other countries. Therefore, certain **security systems** using **communication technology** and other technology have had to be developed in order to keep countries safe.

There are now **stricter regulations** upon entering a country and transporting goods. **International customs** control the flow of people and goods in and out of countries to ensure security within the country. For example. The use of automatic X-ray technology at airports allows suspicious objects to be traced. This system is put in place to ensure drugs, weapons, human threats etc. do not enter a country and cause harm.



(Source:http://ichef.bbci.co.uk/news/976/cpsprodpb/872E/production/_86560643_86558824.jpg)

Cybersecurity is a **global concern**, and attacks can originate from **anywhere in the world**. Technologies are being developed to ensure cyber attacks can be traced, no matter the country they originate from. This security technology has been developed as a result of our globalised world.
There are global systems put in place to limit **disagreement and wars,** protecting civilians and ensuring **security** within countries. The United Nations Security Council, for example, is an international organisation that aims to diffuse disagreements with the intention of maintaining international peace.
The use of **technology** has allowed for **security threats** to be monitored and stopped. The use of CCTV, search histories, financial purchases etc. can be used to track those who are attempting to commit crimes such as terrorist attacks.

Communication technologies

The ability to communicate globally has allowed flows of **information, services** and **capital** to accelerate. For example:

- **Satellites and fibre-optic communication** enabled the growth of **internet** and **mobile phone systems**, in turn allowing **information and money** to be transferred internationally.
- Corporations can **communicate with overseas factories** quickly and easily, meaning the negatives of moving production overseas to low income countries are reduced.
- **Services** can be accessed through the internet or on the phone (e.g. call centres), allowing for thousands, if not millions of jobs to be created that can be accessed through communication technology alone.
- The global availability of smartphones and the vast number of apps, such as global positioning service (GPS) apps, and social groups, have added a new dimension to **migration**, allowing people to move with less restraints
- **Relationships** can be maintained even from great distances. This has **deepened global connections** and may also increase **flows of labour** as people are more likely to move if they can still communicate with their families abroad.

Management and Information Systems

The process of globalisation has been accelerated by the way companies **manage flows**, be that flows of labour, products, services, information or capital. The way companies are managed have **changed** due to the global relationships and systems in place. There are now common systems in the majority of global companies to make these companies more **efficient**.

1. **Economies of scale:** An economy of scale is the concept of **increasing profits** by producing **a larger amount of products**, as overall the average price to manufacture each product is **lowered.** Companies can save money by **upscaling** their production:
    - Raw products can be bought in **bulk**, meaning they are cheaper.
    - A large amount of products can be made **quickly** on **production lines**, meaning less money is spent on labour.
    - Large amounts of products can be shipped, meaning overall it costs less to send a large shipment rather than many small ones.

Overall, if a company is willing (and has enough money) to spend more on initially buying larger factories, shipping equipment, and raw materials, they will save in the long run. Economies of scale require management by companies to ensure profits are heightened.

2. **Global supply chains:** A supply chain is the organised management of **product flows**, from when they are manufactured to when they are delivered to consumers. Due to the ability to **communicate information and transport products**, companies can now have different **stages** of production in different **countries**. This overall **minimises costs** because each stage of production is **specialised** rather than having one factory that has to control **every aspect of production**, saving time and money.

3. **Outsourcing:** Outsourcing is the **hiring of other companies** to complete company tasks that are essential, but are not necessary to complete by the company itself (e.g. call centres, final manufactures, advertising etc.). Companies can outsource due to the ability to **communicate information** to the companies they hire. Overall this saves money, especially when outsourcing is done in **low income countries** due to lower labour costs.

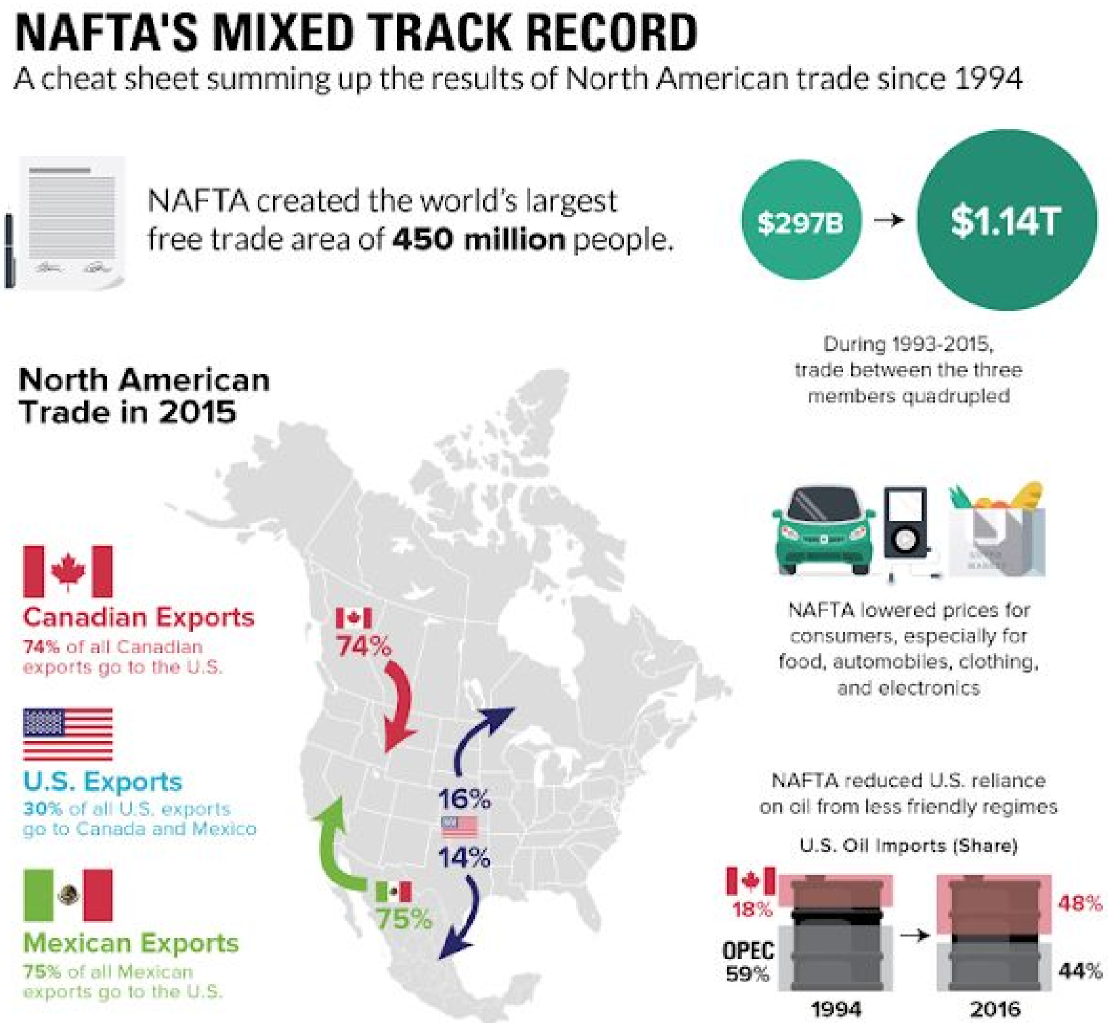
4. **Offshoring:** Offshoring is relocating a company process abroad. Due to **communication systems, easier transport and the ability to transfer money**, a lot of companies use offshoring to minimise costs. This management strategy saves money when relocating to low income countries, as labour costs are lower. Companies may also relocate due to lower taxes and availability of materials.

Trade Agreements

Globalisation has accelerated due to **trade agreements** across the world. Countries **trade** products to different countries; millions of products are imported and exported into and out of countries every year. Trade agreements have made globalisation **deepen and accelerate** as they make **international trading less expensive and easier**.

Trading products is expensive due to the **controls and restrictions** put on imports and exports. These restrictions are include:
- **Tariffs** (a tax for importing and exporting goods)
- **Non-tariff barriers** (NTBs), such as **quotas** (a limit/fixed number of goods) or requirements
- Outright **bans** on products or country import/exports

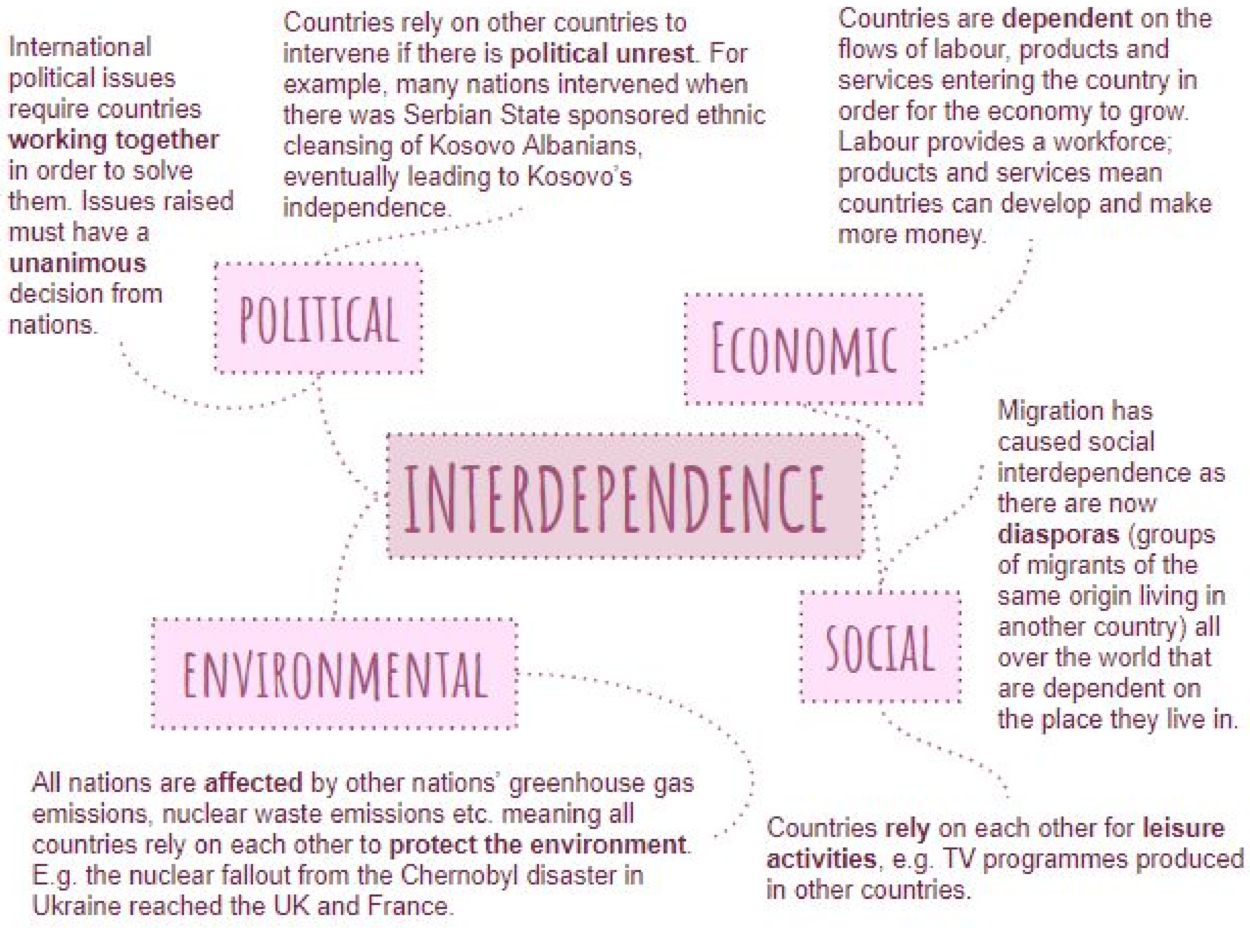
To lower the costs of trade, countries can enter **trade agreements**, which work to benefit all parties that are involved. In trade agreements, certain **restrictions can be removed** or lessened in return for another country doing the same. All trade agreements are overlooked by the **World Trade Organisation (WTO)** to ensure they are **fair**.
An example of a trade agreement is the **North American Free Trade Agreement (NAFTA)**. This agreement has lowered and removed tariffs on imports and exports between Canada, the USA, and Mexico. NAFTA has been criticised for its **effectiveness**.
(Source:http://www.visualcapitalist.com/nafta-mixed-track-record/)



Interdependence

Interdependence is the theory that nations depend on each other economically, politically, socially and environmentally. Many contemporary societies are now classed as **interdependent** as they rely heavily on the decisions of other countries, meaning they would struggle and be detrimentally affected without them.

Our countries are **interdependent** in different ways, shown in this diagram:



Issues associated with Interdependence

Interdependence can cause issues for dependent countries due to **unequal flows**. The global flows of **people** (labour), **money** (capital), **ideas**, and **technology** are not **equal around the world**, sometimes countries give more, sometimes countries receive more. **Unequal flows** can be **beneficial to a country** as they can bring benefits socially and economically. However, unequal flows can also cause **inequalities**, and in some cases can lead to **injustice or conflict**.

Unequal flows of people

In general, **migration** occurs **from low income countries to high income countries**. This is due to there being more **opportunity** in high income countries (better employment, more freedom etc.). Therefore, the **flow of people** globally is unequal. More people **leave low income countries** than **enter** low income countries. On the contrary, more people **enter higher income countries** than they leave.

Benefits of unequal flows of people

- The benefits of unequal flows of people **within the country they are migrating to** are mainly concerned with the **workforce**. Migrant workers become an important part of the host country as they become intertwined in **work forces** and take jobs that must be done, but are 'unwanted' by others. For example, 44% of the **cleaning** workforce in London is made up of ethnic minorities.
- Also, states that are home to large **diaspora** population often have strong geopolitical ties with the diaspora's country origin. E.g. the friendship between UK and India.

- The **countries that people are flowing from** may also benefit from unequal flows of people out of their country. Workers send **remittances** back to their home country, helping their home economy to grow. An example of economic interdependency caused by migration is Indian workers moving to UAE. Over 2 million Indian migrants live in the United Arab Emirates (30% of population). An estimate of **$15 billion** is returned to India annually as remittances.
- Furthermore, it is surely a positive that many people are **fleeing from conflict and poor quality of life,** and they may have a better life in countries they have moved to.

Problems associated with unequal flows of people

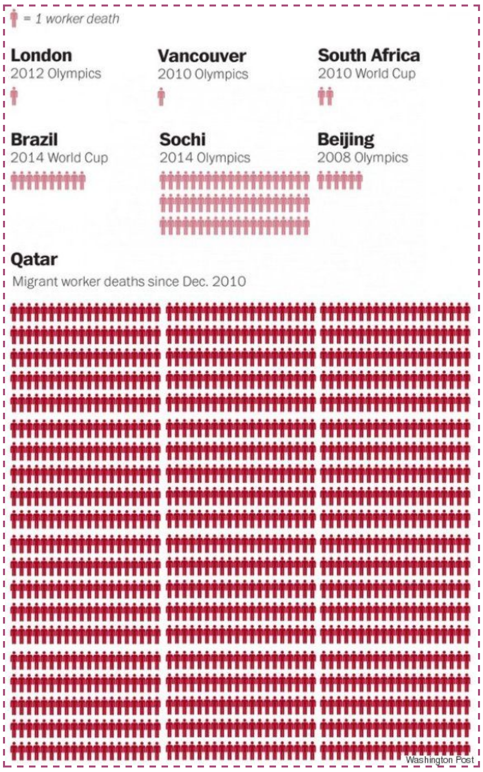
- Disproportionately large flows of people can have negative effects on the countries being migrated to. Host countries may become **dependent** on the migrant workers, and this causes issues if there is a change in circumstances. For example, **the reliance on Polish migrants on UK potato farms** has caused issues with potato crops in Jersey. https://www.theguardian.com/uk-news/2018/jan/15/jersey-royal-potato-crop-shortage-eu-workers

- Unequal flows can cause **overpopulation**. Many countries experiencing large flows of people believe they suffer due to **pressure on services** such as healthcare, and social tension with migrants 'taking' jobs.

(Source: https://www.express.co.uk/news/uk/84949/The-2-an-hour-migrant-workers)

- The country that migrants originate from may become **dependent** on remittances, so a change in circumstance may be detrimental to the economy. For example, the UK entered a recession in 2009. Many **building projects were cancelled**, meaning migrants working in construction industries lost their jobs and stopped sending remittances home. **Estonia's economy shrank by 13%,** which is thought to be related to the lack of remittances.
- Large amounts of **emigration** (leaving) can cause unemployment and economic deterioration, as areas may become **underpopulated**. Skilled workers leave to work in high income countries, meaning unskilled people are left to keep the economy running.

- As many migrants are more desperate for work than nationals, they may be vulnerable to **exploitation,** such as poor working conditions and low wages. In Qatar, an estimated (but disputed) **1,200** migrant workers have died while building for the upcoming 2022 World Cup. This graph from The Washington Post shows the amount of deaths of workers in Qatar, compared to past Olympic games.



Unequal Flows of Money

As previously mentioned, the majority of money flows are **into** low income countries. Foreign Direct Investment, aid, remittances all flow **into** low income countries, whereas the flows of money **into high income countries** are majorly repatriation of profits/product sales. These flows of money bring both benefits and issues.

Benefits

- To the country **receiving money**, foreign direct investments can **improve quality of life** as it provides an income, usually an income that is higher than other employment in low income countries.
- **Aid and remittances** can also help to improve quality of life, such as rebuilding after a disaster. For example, $US11.28 million in foreign aid was given to Fiji after the devastating Cyclone Winston (2016), the majority of which has been invested into the Help for Homes scheme, which helps rebuild stronger homes.
- To the country **sending money**, there are also benefits. Richer countries can take advantage of **lower labour costs**, maximising their profits.

Problems

- Problems associated with unequal flows of money are mainly concerning **injustice** towards people living in low income countries.
- Companies in low income countries operating from high income countries can create **dependencies** for workers. They are **dependent** on the **higher wages**, meaning they must subject themselves to dangerous situations. **Sweatshops** with dangerous working conditions and low wages are set up by large companies.

For example, the collapse of a garment factory - **Rana Plaza** - in 2013, killed 1134 people. The factory was known to provide clothing for well known brands such as Primark, Matalan, and Walmart.

(Source: By rijans - Flickr: Dhaka Savar Building Collapse, CC BY-SA 2.0,https://commons.wikimedia.org/w/index.php?curid=26051590)

- Foreign Aid can cause issues, as it can reduce **incentive** for governments to help their own countries.
- Companies can pressure governments to **alleviate taxes** or **relax social and environmental laws** so that TNCs will invest.
- TNCs have been criticised for **profiting** too much. The flows of money may be larger to low income countries, but the amount of profit that stays in the country is very small.

Unequal flows of ideas

High income countries usually **dictate ideas** of how countries should be run, and how trade should be carried out. This is mostly down to these countries having **more money**, thus more power over less developed countries.

Benefits

- High income countries have introduced ideas of **deregulation** to developing countries and **newly emerging economies (NEEs)**. Reducing **state ownership** has had benefits to developing countries, such as **lower prices of products and services** from competitive rates. For example, the long-distance telephone market in Chile has been deregulated, which has cut telephone rates by **50%**.
- **Free-trade** (**created** by HIC deregulation) has increased globally due to deregulation, allowing **global markets to thrive** and decreasing the risk of conflicts.
- Countries with successful strategies can **educate** low income countries on how to create **economic growth** or remove **social injustice**, meaning low income countries can implement these strategies.

Problems

- Some argue that **deregulation is occurring too quickly** for low income countries to keep up, and this is not allowing the **full benefits** of the growth of the private sector to be achieved. Rapid flows of FDI and growth of the global markets mean some countries cannot keep up, and a **reform** of regulations would work better than only **deregulation**.

- **Privatisation** allows **large companies** who buy originally state-owned industries to **grow**. Profits are massively **concentrated within these companies**, rather than **nationalised industries**. This means low income countries may not benefit from privatisation as it is **not growing their economy** but is instead funding the company.
- Low income countries may feel **forced** to keep up with ideas of the wealthier countries, even if the ideas are not the most beneficial to these countries. E.g. it is a massive disadvantage to a country's economy if they **do not join trade agreements** etc.
- Deregulation may lead to more **relaxed** social and environmental laws in low income countries, causing social **injustice** and environmental **damage** without proper government regulation.
- Ideas of **multiculturalism** and **interdependency** may be disputed by some people. Some citizens few an interdependent country as a **threat** to their nation's **sovereignty**.

Unequal flows of technology

There are flows of technology both ways between HICs and LICs/NEEs. However, these flows are unequal as **different types of technology** flow between countries.

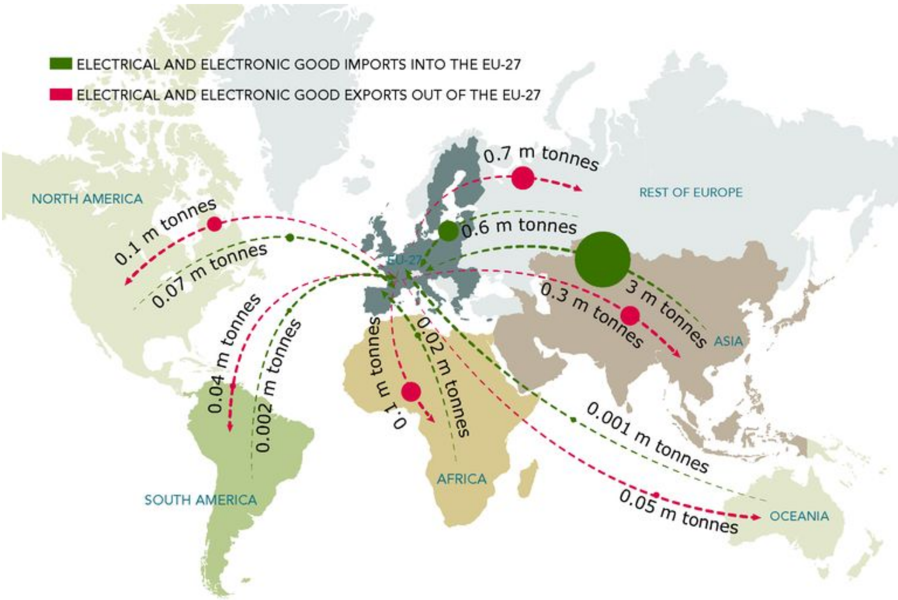
In the past, the **majority of flows of technology were within HICs**, as there was virtually **no demand** for technology **in lower income countries**.

Now, HICs and companies wish to **invest in lower income countries** due to the benefits they bring, so **technology that can make capital gains** (e.g. manufacturing equipment, components for assembly etc.) flows to LICs. This type of technology does not flow from LICs to HICs because there are **less companies based in LICs that wish to invest in HICs** (as there are less benefits, including higher wages).

In contrast, although design and research occurs in HICs, a lot of **consumer technology** is **manufactured in lower income countries**, only to be **distributed to HICs**. Phones, office and telecommunications technology, and electronics are mainly manufactured in lower income countries, then sold to HICs. This is slowly changing though, with a higher demand for **consumer technology in newly emerging economies, such as China**.

The EU, for example, receives **10x** the amount of electrical imports from China than it exports to China.

(Source: https://www.eea.europa.eu/data-and-maps/figures/imports-and-exports-of-electrical)



Benefits

- The **economies of LICs can develop** through technology investments, opening up factories and increasing employment. This also strengthens **trade deals** between HICs and LICs, which allows HICs to benefit from the exports of HICs.
- Companies benefit from products being **produced overseas**, meaning they can maximise profits.
- The concentration of technology innovation in HICs has lead to the development of **beneficial** technological advancements. This leads to consumers getting better products.

Problems

- HICs with developed markets have a **technological** advantage over lower income countries because they can **afford to buy the technology**. People in LICs cannot afford to purchase technology that will **advance their economy** and **improve quality of life**, meaning HICs can rapidly develop while LICs are left behind.
- It can be considered an **injustice** that **the employees** that **manufacture and assemble** consumer technology such as computers, phones, and household appliances receive **so little compared with what they are sold for**. Companies make a **large majority of profits,** whereas those who do a lot of the work are left with **little income**, as well as **often poor working conditions**. These countries rarely even have the **benefits** of the product they are creating - China is the largest producer of smartphones, yet only 55% of the population has a smartphone, compared to 77% of the USA.
- Companies investing technology into LICs means that HIC **manufacturing jobs** are often lost. This can leave many out of work due to job losses, and those with **relevant training** in manufacturing technology often have nowhere to go.

Unequal Power Relations caused by Interdependence

In general, richer, more developed countries are the more **powerful** countries. These countries have more **money and technology**, as well as **deeper relations with other countries**, meaning they are able to **influence** global systems to their advantage.

In contrast, low income countries that lack money and technology have less **influence** over geopolitical events. This is **problematic** for these countries, as they **rely** on the decisions made by richer countries, and only have the power to **respond** to the events rather than directly intervene.

Some examples of how unequal power relations affect global systems are:

- **The environment:** As previously mentioned, all countries are **interdependent** in a way due to our reliance on others to protect the environment. Richer, powerful countries (and emerging economies especially) usually **emit** a lot of carbon dioxide.

  Some rich countries may be less likely to **agree to global environmental protection** if this may reduce CO2 emissions, even though they are likely to feel the effects of climate change less. Poorer, less powerful countries that are frequently affected by climate change induced **natural disasters** cannot do much to **influence the ideas of these richer countries.** The USA, for example, has recently withdrawn from the Paris Climate Agreement. In theory, the USA's reluctance to fight climate change may cause less powerful countries to suffer.

- **Trade:** Richer countries generally control trade agreements, as those who enter trade agreements with rich countries can **benefit** from the country's wealth, whereas the richer countries will not benefit to the extent of the less wealthy countries.
  As richer countries have the **upper hand**, this means they can **pressure low income countries** into making **more beneficial deals** to the richer countries. Lower income countries may **lower taxes, reduce tariffs, set up Special Economic Zones (SEZs),** etc. to encourage investment, which may have negative effects on the economy.
  Rich corporations and TNCs can influence trade, as they may create **sanctions** on other countries or refuse to trade with them in order to get their way.

  For example, the **'Banana Wars'** was a six year disagreement caused by the EU granting **special access** to EU markets for Caribbean banana farmers. TNCs that controlled Latin American crops **filed a complaint** against the EU for unfairly creating this agreement, and the countries of TNC operation imposed sanctions on EU products. Eventually, the EU agreed to **reduce tariffs** on Latin American bananas, which has negatively affected the Caribbean crops as they struggle to compete with competitive prices from the TNC plantations.

  Global Financial Institutions: The IMF and the World Bank can be seen as **reinforcing** the unequal power relations between countries, rather than providing a **level playing field**. The main concern is that these institutions attach **loan conditionalities**, such as deregulation, privatisation etc. This is usually without regards to the economies receiving the loan, and can have negative effects such as **less investments into education and healthcare sectors.**

  The World Trade Organisation (WTO) has also been criticised for **widening the gap** between low income and high income countries, despite being the very organisation created to avoid this. In general, the WTO can be seen as **biased towards richer countries**. Some examples include:

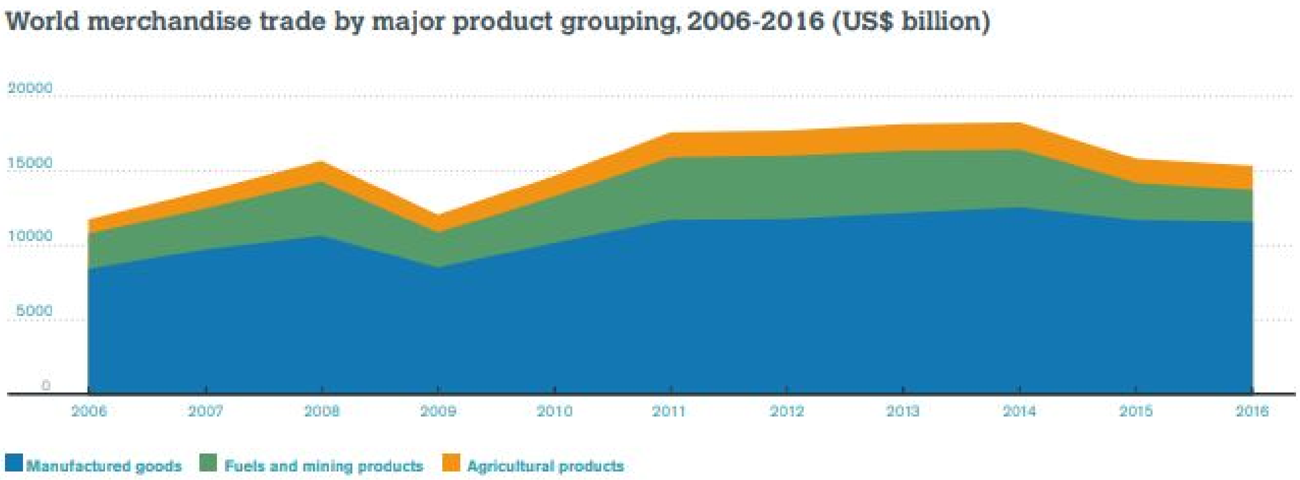
  - The maintenance of (some say unfair) **high import duties** and **quotas** in rich countries, which **reduces imports** from **developing countries**
  - The protection of **HIC agriculture**, but the pressure for LICs to **open their markets up to international produce**
  - Developing countries are **not represented as much** in the WTO

International Trade

Trade and Investments in a Globalised World

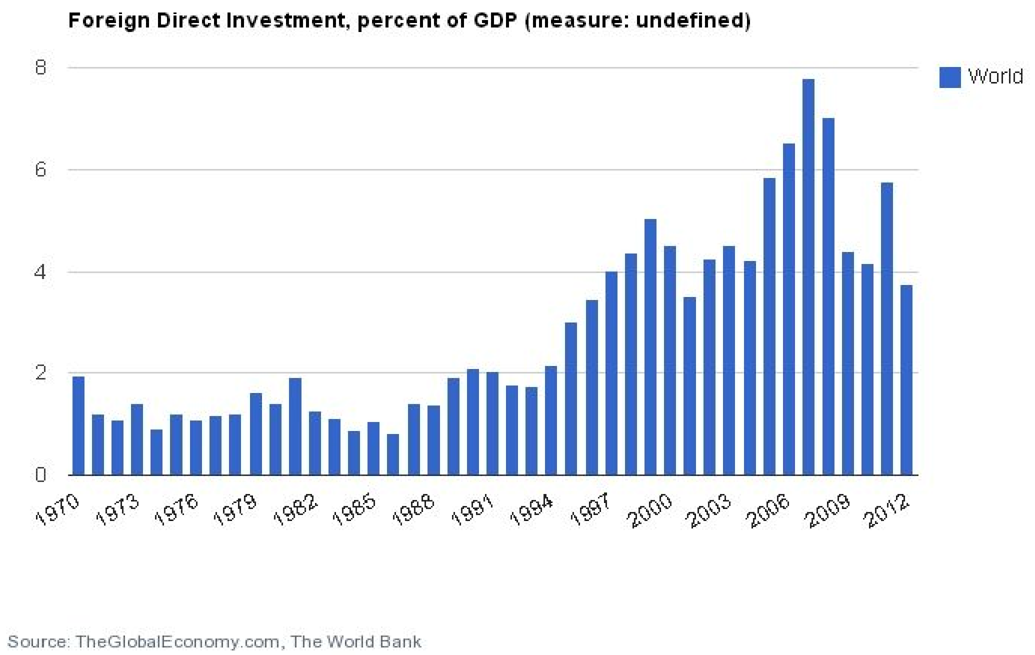
Volume

International trade is occurring **more than ever before**. Globally, the amount of exports has been steadily increasing. The only time trade has **decreased** was during the Global Financial Crisis. World exports of manufactured goods has increased from US$8 trillion in 2006 to US$ 11 trillion in 2016.



(Source: https://www.wto.org/english/res_e/statis_e/wts2017_e/WTO_Chapter_02_e.pdf)

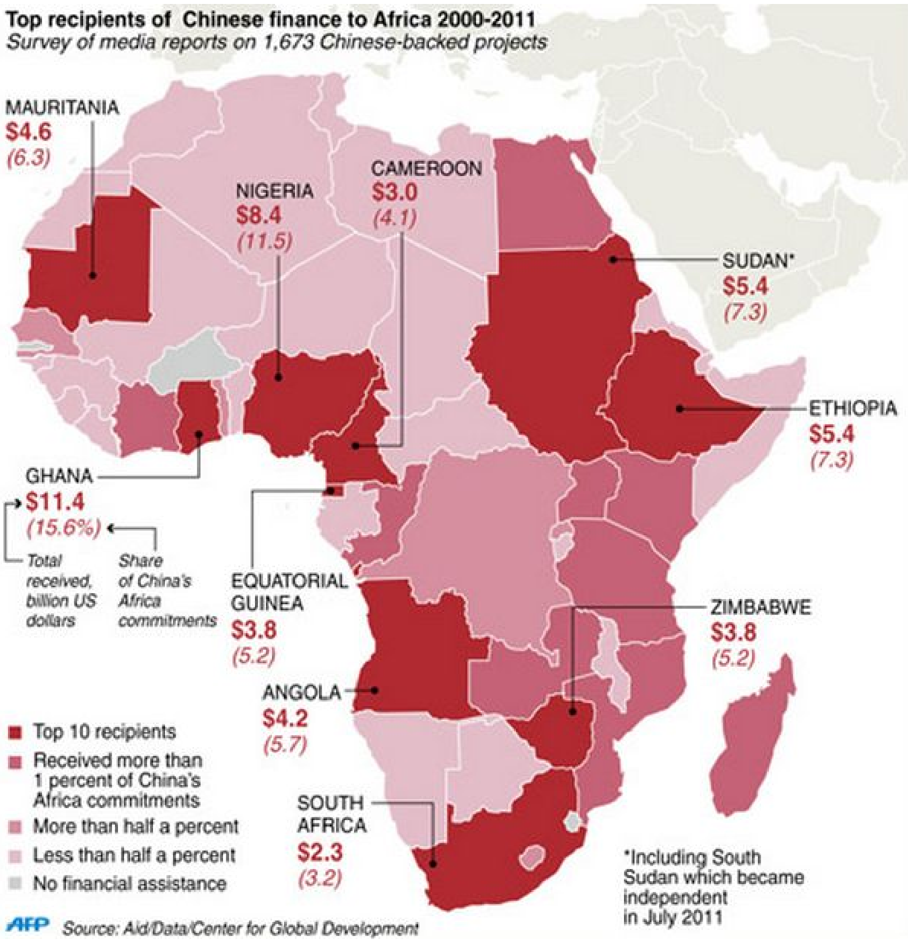
The volume of **global investments** is also rising. FDI has risen from $400 billion to $1500 billion in 20 years. The graph below shows how FDI has risen over the past decades as a percentage of the **receiving** country's GDP. (Source: https://www.theglobaleconomy.com/blog/?p=401)



Patterns

Global trade and investments have changed over the past 40 years. Trading and investments used to be heavily concentrated within **the most developed countries**. Investments are now mainly concerned with **High Income Countries** investing into **Low Income Countries**, due to the profits that can be made from lower labour costs etc.

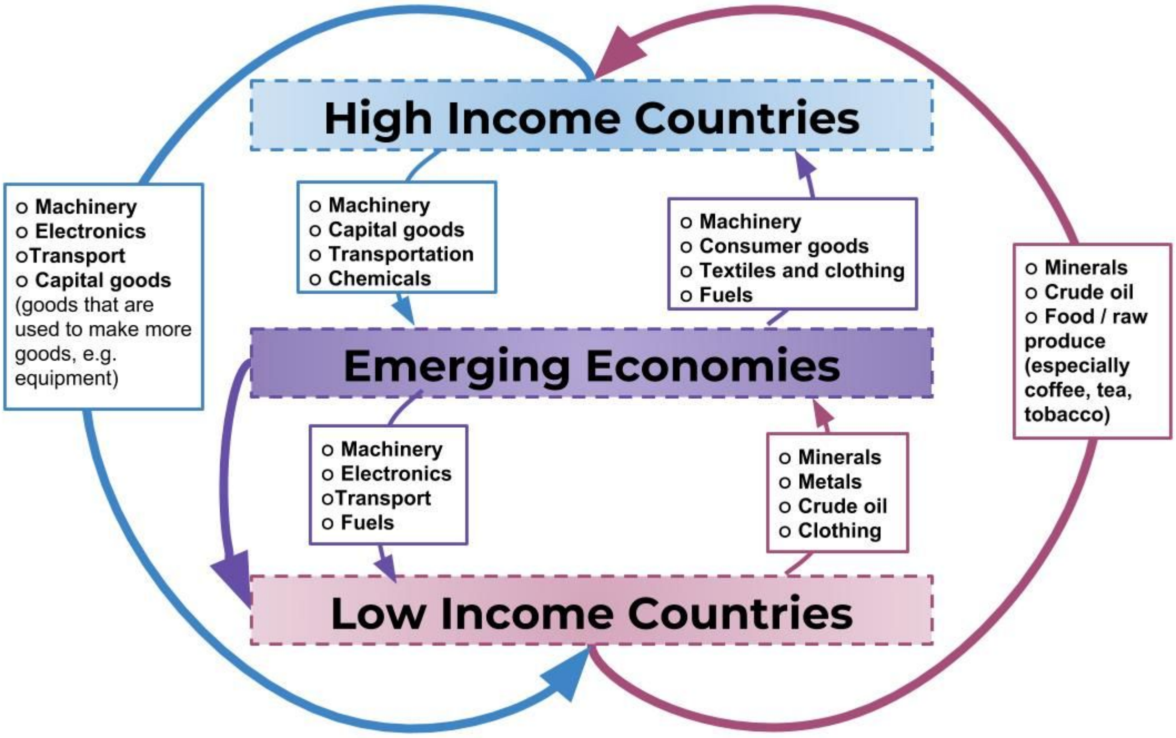
Investment patterns have also changed because **emerging economies** are beginning to invest in **low income countries**, causing these emerging economies to rapidly develop. For example, China invests a lot of money into Africa.



There are some **patterns arising in international trade**. Although high income countries remain the largest exporters, many **emerging economies** are also arising as huge exporters, such as China (the world's largest exporter). Developing economies' share of world merchandise trade is currently at 41%.

Low income countries are also **trading more**, but the growth at which LICs trade is the slowest out of every economy. The least developed countries (LDCs) make up **less than 1% of global merchandise and commercial services exports.**

International trade is also changing due to new international **relationships**, including **fair trade** and **trade blocs**. Trading relationships between high income, middle income (NEEs), and low income countries generally follows the same pattern.



In general, economies with **more money** invest into those with **less money** in order to develop lower income countries. This generates economic growth in the LIC, and allows HICs to take advantage of the lower labour costs. This is why HICs especially send **capital goods** to lower income countries - these goods can create consumer goods, generating a profit. Emerging economies produce **consumer goods** for HICs, e.g. the garment industry in Eastern Asia and the Pacific.

Fair trade

FAIRTRADE

Globalisation has unfortunately left many **less developed markets** vulnerable to exploitation. Many small-scale farmers in LICs struggle to compete with the **competitive prices** of huge plantations owned by TNCs. This has lead to farmers being paid **much less than deserved** for **a large amount of labour and produce**. **The Fairtrade Foundation** was set up in 1992 to ensure producers receive better trading conditions, and since then has developed into a well-known trademark, sold to supermarkets.

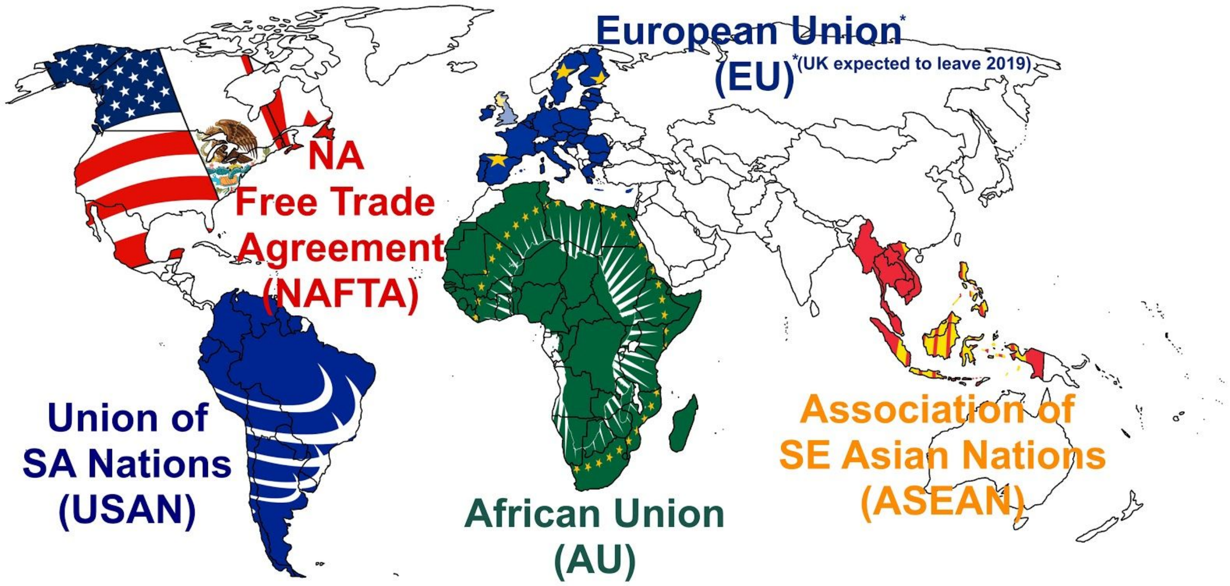
Trade Blocs

Trade Blocs are groups of countries in a **trading agreement,** allowing them to have certain **advantages** over other countries, such as reduced tariffs or higher quotas. A trade bloc gives all countries involved **mutual benefits**, and often include countries with **varying economic levels**. Trade Blocs are usually between **neighbouring countries**, but this is not always the case. There are also trade blocs for **industries**, such as **oil** trade blocs.

There are several major trade blocs around the world that **exemplify international trade**.

- **EU -** The European Union. 28 countries. Free trade within the EU has allowed goods and services to be transported internationally with ease.
- **NAFTA -** The North American Free Trade Agreement. 3 countries. The aim of NAFTA was to remove barriers to agricultural products, manufactured products, and services.
- **ASEAN -** The Association of Southeast Asian Countries. 10 countries. The bloc has free trade agreements to ensure political, economic, and social stability.

Other trading blocs include The African Union **(AU)**, The Union of South American Nations **(USAN),** and The Caribbean Community **(CARICOM).**



The effects of trading blocs are both positive and negative. There are obvious positives concerning free trade, the removal of non-tariff barriers, and other trading advantages. However, some criticise that trading blocs **limit trade to other countries,** causing disadvantages to both the countries within the trade bloc and those outside of it. Overall, trade blocs (among other reasons) are said to limit the **access to markets**, which will be explored further.

Access to Markets within International Trade

All countries have **differential access to markets**. Access to markets refers to a nation or company's ability to **trade within the international market**. A country's access to market is limited by any **barriers** that limit a country's imports and exports. If access to markets is poor, a country is likely to be negatively affected. Economically, a country would be missing out on **profits from exports,** and societally, a country may miss out on products (and the poor economy may also negatively affect societal well-being).

Factors Impacting Access to Markets

Trade Agreements

Trading agreements, such as trade blocs, can positively and negatively affect countries. A country's access to markets may be **improved** by trade agreements, as **relationships between countries** are created that allow more trade to occur. This is especially true when lower income countries are introduced to trade agreements, as they are able to trade at lower prices, sometimes freely.

However, trade agreements may also bring negative effects to countries. Some argue that trade agreements disallow countries **within them** to trade as well with other countries, which may negatively affect these countries. One of the reasons that the UK has decided to leave the EU was that the EU **limits trading** with other countries, as trading **within the EU** is obviously encouraged.

Furthermore, countries **left out** of trade agreements can be at even **more** of a disadvantage. Less developed markets especially must pay tariffs when those in trade agreements do not, meaning they may struggle to have access to the market. Countries like Kenya struggle to get a good price for the food they sell to European markets, due to the tariffs placed on non-EU agricultural produce as an attempt to protect EU farmers. Heavy tariffs are also placed on African citrus fruits - especially South African orange produce - in order to protect Spanish farmers. This has weakened LICs access to markets. Overall, many trade blocs and agreements are made up of primarily **core regions**, meaning they develop quickly and benefit the most, whilst the **periphery regions** are left with **less developed markets** and little opportunity to gain access into the market.

Other Agreements

Special Economic Zones (SEZs) are areas **within a country** that do not have the same **trading regulations** as the country they are located in. The regulations within the SEZs are usually **less strict**, with lower tariffs and lower taxes. SEZs increase access to markets as countries can afford to invest in the area, increasing international trade from that area.

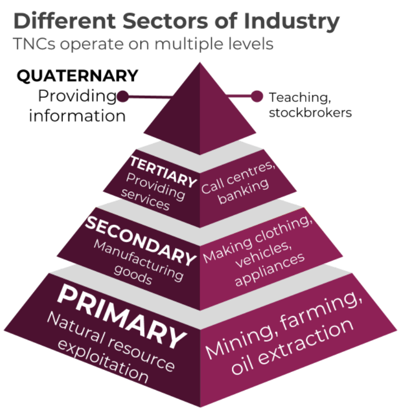
Special and Differential Treatment (SDT) agreements are put in place by the WTO to help specifically **developing markets** with **poor access to markets**. These countries receive **special treatment** such as reduced tariffs and taxes, priority in trading etc. Overall, SDTs aim to **develop the least economically developed countries' access to markets**.

Wealth

Generally, countries with **less wealth** have less **access to markets**. In HICs, countries can afford to pay for higher tariffs on exports and imports, meaning overall they are able to make profits and receive products. HICs also increase their access to markets through FDI into foreign markets, as this allows some countries to **save money** through cheaper labour and often **avoid** tariffs.

In contrast, those with less wealth may struggle to pay for **high tariffs**, and cannot save money through offshoring and outsourcing as they do not have the funds. This reduces LIC's already poor access to markets.

Transnational Corporations (TNCs)



TNCs, to put it simply, are companies operating **across multiple countries** (*trans-* = across, *-national* = nations). These companies usually work by having their headquarters, production, and sales all in **different countries across the globe**, meaning they are a crucial aspect of globalisation.

These corporations can provide raw products, manufactured goods, services, or information - they exist in different **industries (sectors)**. Overall, TNCs make **products**, produce **jobs**, **invest** in countries, and sometimes contribute to **cultures**. Some TNCs are very powerful, and can even have **political influence**, e.g. the pressuring of some countries to reduce taxes and create SEZs so that the TNC will invest there.

Spatial Organisation

1. The Headquarters of TNCs are usually located in **high income countries**. HQ is responsible for the **big decisions**, such as **investments**, **meetings with global organisations** etc.

(Source: http://fortune.com/global500/visualizations/?iid=recirc_g500landing-zone1)

This map shows the Headquarters of Fortune 500's largest companies. The majority of headquarters are heavily concentrated within the USA, Europe, Japan, as well as many in the emerging economy of China.

2. **Research and Development (R&D)** are the facilities in which customer research, software developing, plans for manufacture etc. is carried out. There are usually R&D facilities in the country where the TNC operates from, but there may also be multiple facilities in different countries, so that research can be **varied** and **specific to the target market**.

3. **Manufacturing** and production facilities are mainly concentrated in lower income countries due to increased profits. Lower costs for labour, lower material costs, and lower taxes/tariffs all contribute to the global shift in manufacturing. The **production** of TNC products is usually organised and complex, allowing the **greatest profits possible** to be achieved.

Production

TNCs use global **management systems** in order to maximise their profits. These systems of production, as previously mentioned, are:

- **Economies of scale:** TNCs usually have a large revenue, meaning they can afford to **upscale their production**. This allows **profits to increase** as less is spent in production.

- **Global supply chains**: TNCs use global supply chains in order to increase profits. HQ and R&D are in HICs, whereas the **production** often occurs globally, especially with TNCs that operate within the **secondary industry sector**.

As an example, Boeing is an American aircraft TNC. Different components are manufactured in different countries, which overall gives the **best product**. This type of global supply chain happens throughout TNCs.

Products that are made for **consumer audiences**, such as smartphones, use global supply chains as a way to **spend less money on manufacturing**. TNCs may often **invest in the source of raw materials** also in order to save money in the supply chain. E.g. many TNCs that provide food (like fruit) invest in plantations to lower the cost and remove the 'middle man'.

- **Outsourcing:** TNCs that provide **tertiary industry** products (services) will often **outsource** tasks to other companies in order to save money and time. TNCs like Apple outsource their manufacturing process so that profits can be maximised.
- **Offshoring:** Companies that make **manufactured products** will often have their factories in LICs due to lower labour costs, better taxes, weaker regulations for workers and weaker environmental regulations. This leads to much dispute about the **ethical issues** with TNCs exploiting poorer citizens in order to maximise their products.

Linkages

TNCs create **links** between countries and with other companies. Linkages are created in order to **benefit the TNC**, and often includes **expanding** the company.

- **Links through FDI:** TNCs create links with other countries by **investing in them,** which benefits the country as this creates jobs and contributes to the economy. TNCs can be investments into a factory, for example, but they may also take the form of:
    - **Mergers:** TNCs **join to form one larger company**, helping to form foreign links if the TNC is from a foreign country.
    - **Acquisitions:** A TNC **buys another company** in order to expand (usually a smaller company). Acquisitions are frequently associated with local job loss as a large TNC will take **full control**.
- **Links through integration**: TNCs often **expand** their company by creating linkages between other companies. There are two types of integration:

- **Vertical integration:** taking ownership of part of the **supply chain,** e.g. buying a plantation
- **Horizontal integration: taking ownership of another company**, often one that is in a similar industry. The food industry is a prime example of vertical integration. A lot of large companies control the majority of smaller companies, which can be seen on this map (http://www.convergencealimentaire.info/map.jpg)

Trading and Marketing Patterns

The majority of TNCs trade with **HICs**, as the market for **consumer goods** is concentrated within richer countries. However, there is now a **rapid increase in demand for popular brands** in **emerging economies** such as Latin America, East Asia and the Pacific. This means TNC trading has increasingly expanded to countries. The lowest income countries, though, still see a lack of TNC-made consumer products, as few people have a disposable income to buy these products.

As TNCs are usually large companies with a **lot of revenue**, they can afford to **take advantage of global marketing**. Many TNCs use the same marketing strategy as it creates a **trademark**, but they also have the money to **adjust their marketing strategy to different countries** to **maximise profits**.

Global Governance

Global governance is the process of **multiple nations** acting together in matters that affect **the entire world**. In our globalised world, issues can be **international,** such as climate change, famine, epidemics, war etc. This has caused the **need** for global governance, as a single nation cannot tackle **worldwide** issues. Countries are not only governed by their governments, but are now also under a sort of **global management**.

Global governance works on a **variety of scales,** from local to global. In short, decisions made by **global institutions affect all scales, including local**. This can be seen in many scenarios.

Trade agreements set by the WTO (a **global** institution) affects how trading happens internationally, for example in the EU (an international institution).

In turn, the Department for International Trade (a **national** institution) decides what products the UK imports from where.

A **regional** institution, such as a warehouse, receives the international products and distributes them.

A **local** shop buys the international products from the warehouse.

The effects of global governance **on a variety of scales** occurs in different respects, such as the environment. Nations sign global agreements, which affects, for example, how much CO_2 localities can emit.

Global governance **maintains global systems** (e.g. the environment, politics, economics etc.) through **global societal norms**, global **laws** and global **institutions**.

Norms in Global Governance

A **norm** generally refers to a **social norm**. This is normal and therefore **accepted** behaviour. Although norms differ between countries, global governance has worked to develop **global norms**, mainly concerning the unfair treatment of people.

An example of a global norm is gender equality. It is generally a norm for women to be equal to men, however in other countries, such as Saudi Arabia (who only lifted a ban that **prohibited women from driving** in 2018), equality is not a social norm. Although countries may **disagree** with **societal norms** in other countries, there is little that can be done to **globally govern** a country's norms and ideologies, which is where **international laws** are helpful.

Laws in Global Governance

International laws are an aspect of global governance, as this is an example of how **multiple nations** act together to maintain global systems. A **law** is legally binding, unlike a norm, meaning **failure to comply with this law** can result in **prosecution**. Anything from trading sanctions to attacks can result from countries not respecting international laws.

For example, the Universal Declaration of Human Rights is a **legally binding document** that protects the social rights of citizens. If a member has **agreed** with the declaration but does not **abide by it**, there may be consequences and prosecutions.

As laws are legally binding, countries may be **deterred** from global governance if they do not agree with the laws but must follow them. As an example, one of the reasons UK citizens wished to leave the EU was so the country did not have to comply with their rules and regulations.

Global Institutions

In order for countries and people to be **governed globally**, there are certain **international institutions** that have been developed to **oversee** the maintenance of global systems. These institutions aim to **represent all nations**, as well as **protect these nations**. This can include the development and enforcement of laws, dealing with law breaks, keeping international peace, and promoting equality. The majority of global institutions are Intergovernmental Organisations (IGOs), as global governance should obviously include members from **around the globe** so that all opinions are fairly expressed.

Global institutions have **positive** and **negative effects**. This is especially true of the United Nations, which will be discussed in more detail in a separate case study.

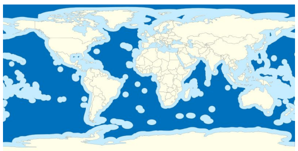
Promoting Growth and Stability	Exacerbating Inequalities and Injustices
Institutions aim for global **economic equality**, allowing less developed countries to **grow economically**. Economic growth is mainly promoted through trade laws and regulations set by the **WTO.** Special and Differential Treatments and other agreements are put in place by these global institutions so that struggling economies can grow.	Some institutions have been accused of creating **more inequalities** as they are not **representative** of every country, putting underrepresented countries at a disadvantage. Institutions like G7 represent **only** the richest countries. Although these institutions work to help LICs and their debts, there are arguments that these countries should still be involved.
Global institutions **stabilise economies**. The World Bank provides development loans and aid, and the IMF provides stabilising loans. These allow economies to stable during times of instability, hopefully avoiding economic crashes which can have global consequences.	As discussed previously, the World Bank and the IMF only give loans **conditionally**, which can lead countries **exposed to exploitation**. It is perhaps **unjust** to force countries to open their markets up to receive help.
Societal growth is promoted by global institutions maintaining **social equality**. The International Criminal Court, as an example, can prosecute those who have committed genocide, war crimes, or crimes against humanity.	International laws and treaties are **voluntary**, meaning many institutions do not hold **full power on global systems**. For example, members of the UN security council can **veto propositions**. Not every country in the world is part of the security council, meaning their laws do not apply to these countries.
Social stability is maintained by global institutions, including the **prevention of conflicts** and **promoting global health**. The World Health Organisation (WHO) combats global epidemics such as malaria, obesity, and ebola.	Despite global institutions' best efforts, some countries and companies may still **act against the policies**, which can create inequalities. For example, there is much conspiracy that Japan are acting against the International Whaling Committee by **illegally** whaling for profits.
Environmental stability is maintained by IGOs and other global institutions, such as non-government organisations (NGOs). The World Wildlife Fund (WWF) and the International Union for the Conservation of Nature (IUCN) are some of the institutions that work for environmental conservation.	Companies may also **manipulate the rules of global institutions** in order to enhance their profits, which creates **injustices**. For example, in the 'Banana Wars', American TNCs like Dole argued against the EU's special treatment of Caribbean plantations, despite Latin American bananas supplying 75% of the entire market.

The Global Commons

'The Global Commons' is the concept of **an area that does not belong to a single country**. Rather than belonging to **nobody**, the commons are supposed to belong to **everybody**, meaning every country has a right to **benefit** from the Global Commons.

The four global commons are:

International Waters- areas of the sea that do not belong to a country.



https://commons.wikimedia.org/w/index.php?curid=17194963

The Atmosphere - the gases that surround the Earth, making life possible.

Outer Space - The area after our atmosphere.

Antarctica - The only continent without citizens; only scientists live there.

The global commons are **very beneficial to humanity** as they provide **untouched environments** for **research** and **wildlife growth**. Animals can **thrive** in these environments where humans cannot **interact**, such as deep sea creatures. **Scientific research** is also enhanced by these environments, as scientists can gather information about the world without interactions by humans, as well as beyond our world.

The Tragedy of the Commons

Unfortunately, as the commons do not belong to one country, this can leave the commons **vulnerable** to **exploitation**, especially considering these environments are **rich in resources** (such as oil, wildlife, minerals etc.). Countries and companies that exploit the global commons may face **fewer consequences**, due the the fact that they are 'owned' by every country. Therefore, unless an international law is created there are no rules. The 'shared' nature of the commons has unfortunately left it vulnerable to issues such as mineral exploitation, fossil fuel extraction, overfishing etc.

Furthermore, the often **pristine and untouched nature of the commons** is also under threat from **human advancements**. CO2 levels are causing climate change, which affects the **atmosphere, the oceans, and Antarctica**. Furthermore, technology is, in some cases, threatening these commons as they are becoming more and more explorable every day. Therefore, these environments need the **proper protection** in order to stay a beneficial asset to mankind.

New **ocean exploring technology** is constantly being developed, meaning the deepest of oceans can be explored, and new species of sea creatures are found often. For example, Newcastle University discovered 3 new species in the Atacama Trench in September 2018. (Source:https://learningenglish.voanews.com/a/three-new-fish-species-found-in-pacific-ocean/4568736.html)

Protection

Although every country has a right to use the commons to **develop**, it is now recognised that this development must be **sustainable**. In order for the use of the commons to be sustainable, there are measures in place to ensure it is protected.

- **Global Institutions** have been created to directly manage issues associated with the global commons so that these issues can be solved in a fair and sustainable way. For example, between 1973 to 1982 the **United Nations** developed The United Nations Convention on the Law of the Sea (UNCLOS), a **treaty** designed to tackle marine pollution, overfishing and competing territorial claims between states.
- **International laws** are now effective within the global commons, although these laws are usually set by institutions like the UN. This means any non-member countries will not be prosecuted under these laws. There are several treaties in action to protect **outer space**, including the Convention on Registration of Objects Launched into Outer Space (Registration Convention), which ensures countries protect outer space by documenting their launchings etc.
- **NGOs** campaign to protect the commons, by spreading awareness as well as raising money for their protection.

Although there are protection efforts for the commons, these are hard to police and regulate due to their **size** and **isolated, hard to reach nature**. It is impossible to monitor the **entirety** of the commons, meaning they are still left vulnerable to exploitation. In oceans, for example, illegal, unreported and unregulated fishing still takes place frequently. Monitoring boats cannot patrol the whole of international waters or protected areas constantly, so many illegal practices take place. For example, there are numerous reports of **ships displaying false flags** as an attempt to pose as another country to avoid laws and commit crimes.