
OCR Geography A-level

Trade in the

Contemporary World

PMT Education

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International Connections: Notes to Link

Globalisation

- Globalisation refers to the way people and places across the world have become closely linked together. This has deepened global connections, interdependence and flows of capital, commodities, migrants and tourists.
- Globalisation has recently accelerated, creating new opportunities for businesses and people. Although inequalities are caused, globalisation has nonetheless increased the flow of ideas, goods and services, creating a unified global community.

→ The factors accelerating globalisation are:



- **TNCs:** Have influenced global culture (such as McDonaldisation) and improved local economies by providing job opportunities. TNCs try to appeal to local markets by the process of glocalisation which means products are specially designed for the taste of the consumer. This is why McDonalds has produced the 'Maharaja Burger' and Marvel has produced the 'Indian Spiderman' (Google it!!) for Indian audiences. Additionally, TNCs develop new markets and take advantage of economic liberalisation by offshoring and outsourcing (basing manufacturing etc. away from the market country).
- **Transport and Communications:** Improvements in mobile communications, internet, social media and fibre optics have allowed people to connect together from all over the world. Transports development has produced cheap travel, reaching everyone and causing time-space compression (as transport is quicker than ever before).
- **Technology:** Computer-aided design and manufacturing have allowed technology to become more efficient and less reliant on human labour. This saves time but causes job losses.
- **International Organisations:** These provide aid and assistance to countries in need, forming a global community where countries try to support one another (the achievements of this perhaps requires evaluation as vested interest are often involved).
- **Markets:** Globalisation has made people richer, forming a larger global market who consume goods and services. This has led to stock growth in, for example, London and Shanghai.



- Developments in transport, such as the railway, and trade in the 19th century accelerated in the 20th century with the production of jet airway and containerisation (mode of shipping in excess). This has contributed to a 'shrinking world' where the world seems much smaller due to its interrelations. For instance, in the past it would have taken weeks to get to the other side of the world whereas it only takes up to a 24 hours today.

Trading Blocks

- International political and economic organisation, such as WTO and IMF, have contributed to globalisation by promoting free trade policies and foreign direct investment.
- National governments promote free trade blocs (such as the EU which we no longer belong to!) by removing trade barriers and forming international groupings.
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- Additionally policies such as free-market liberalisation, privatisation and the encouragement of business start-ups help improve economic wealth whilst accelerating globalisation and global networks are formed.
- FDI has contributed to the wealth of emerging economies such as India and China.



The impact of Globalisation

- The degree of globalisation varies globally, producing winners and losers. This can be measured using indicators and indices such as the AT Kearney index and the KOF index.
- Some countries remain switched off from globalisation due to: Political corruption/ideology (e.g. North Korea), location (e.g. sparsely populated areas (Tibet)), **poor infrastructure, unskilled workforce, crime** (kidnapping of foreign workers in African countries), **weak market, debt** and **unstable currencies**.

Winners and Losers of Globalisation and Trading

- Globalisation has encouraged western companies, such as Virgin Media, to gravitate towards Asia for cheap manufacturing and outsourcing.
- This has helped build benefits for Asian countries such as India, who have now seen improvements in infrastructure, wages, poverty reduction, education and training.
- However the costs of this have been: the loss of productive land as urban settlements grow, unplanned settlements leading to shanty towns (Dharavi in Mumbai) and environmental/resource pressure.
- Some communities in developing countries have experienced environmental problems such as air/water pollution, land degradation, over exploitation of resources and the loss of biodiversity which impacts human wellbeing and health. In Beijing (China), air pollution is so bad that in February 2016 the city was given a red alert, meaning that the air quality was a danger to health.
- For developed nations, globalisation causes deindustrialisation which causes job loss. This produces social and environmental problems as issues such as dereliction, contamination, depopulation, crime and high unemployment occur.
- A globalisation winner usually has an abundance of resources. For instance, Saudi Arabia has physical oil resources which produce petrodollar wealth from trade. China has cheap and skilled labour with a large market and growing industry.
- In comparison, Zimbabwe is a globalisation loser as it is landlocked in South East Africa so has poor access to coastlines, where trading occurs. Political instability and EU/USA trade sanctions exacerbate difficulties whilst many airlines refuse to fly there due to the numerous threats involved.
- Sometimes, odd winners and losers can form. For instance, Las Vegas in the Nevada desert is a populous tourist base where gambling is legalised, attracting wealth from all over the world. An odd loser is Sierra Leone in West Africa which, despite having diamond wealth, faces corruption and civil war, preventing access to global markets.



Social, Political and Environmental Tensions

- Open door policies (which the EU had), deregulation and FDI has created culturally diverse societies but also caused racial and ethnic tension. There has been a rise in extremism in Europe and transboundary water conflicts, especially surrounding The Euphrates.
- There was great social tension between African immigrants and Spaniards, heightening between 1991 and 2002 when 2 million were forced to flee their homes in Sierra Leone because of civil war.



- Censorship, such as in China and North Korea, is done to control the spread of globalisation. Here the government has the greatest control as they restrict what can be viewed by the public. Reports claim that



China pressurised Google to remove search results on sensitive issues such as human rights and freedom.

- Under a business as usual future, tensions could stem from environmental concerns as sources become scarcer and key players compete for them. Currently, political and social tensions are the greatest but an environmental element is likely to come into to play in the near future.

- Some groups, usually political, try to regain their cultural identity and physical resources, such as First Nations in Canada and UKIP in the UK.

Superpower Influence on the Global Economy

- Superpowers influence the global economy by promoting free trade and capitalism, as the USA has done. This is achieved through a variety of International Governmental Organisations such as the World Bank, IMF, WTO and the World Economic Forum.



- Organski argued that superpowers set up these international organisations for their own interests. Perhaps this is supported by these organisations, particularly the World Bank and IMF, being located in the USA; the USA thus have the easiest access to their services.

- TNCs, whether public like 'Coca-Cola' or state owned such as Russia's 'Gazprom', are dominant economic forces in the global economy as they encourage economic and cultural diffusion through globalisation.

- These companies generate huge profits through trade patterns and patents, protecting their technology, which provides a boost for superpowers who can afford them. This however creates deep inequality in the world as some nations, for instance Ghana, cannot afford patented products such as medicines, impacting their health.

- TNCs have a strong role in maintaining power and wealth as they spread the ideologies of the superpower. The more TNCs a superpower owns, the wealthier and stronger the nation.

- Global culture influences are an important aspect of power as they link to economic influence and technology, for a superpower must have the means to project their beliefs and assets. Global culture is influenced through arts, food and media with their being a spread of 'westernisation' as eastern nations adopt western ideologies such as fast food, industry working and movies/television.

