

GCSE Geography | Topic 6 | Globalisation

What are the Key Ideas for this Topic?

- *The Concept of globalisation and the recognition of global independence.*
- *The influence of developments in ICT and transport*
- *pros & cons of TNCs*
- *Change in Manufacturing location*
- *Globalisation and Energy demand*
- *Globalisation and Food supply*
- *Reducing the impacts of globalisation*

The Concept of globalisation and recognition of global interdependence

Globalisation - the system of interaction among the countries of the world in order to develop the global economy.

- Globalisation is the process of the world's economies becoming integrated into a single community.
- Globalisation is caused by international trade, international investment & improvements in communications.
- Globalisation has made countries more interdependent which means they can rely on each other's resources and services.



The influence of developments in ICT and transport

- Improvements in ICT (Information and communication Technology) & Transport have increased globalisation by increasing trade and investment:

How does the development of ICT increase Globalisation?

- Improvements in Technology include; email, the internet, mobile phones and faster phone lines that carry more information.
- These improvements have made it quicker and more convenient for businesses all over the globe to communicate with each other
- This means a company can have its headquarters in one country and have branches in other countries. E.g. Nike's Headquarters are in Oregon, USA and has many branches situated in South-east Asia.

How does the development of transport increase Globalisation?

- Improvements in Transport include; increase in airports, high speed trains & larger ships.
- These improvements have made it quicker and more convenient for businesses all over the globe to communicate to each other in person.
- This also makes it easier to source supplies from all over the world as well as importing their products all over the world.

The improvements of ICT & Transport have allowed the development of Call centres abroad & Localised Industrial regions:

Call Centres Abroad:

Example: In 2004, Aviva moved 950 call centre jobs from the UK to India and Sri Lanka, as it costs 40% less than in the UK

- Call centres are used by some companies to handle telephone enquires about their business.
- An improvement in technology means that it is just as easy to phone someone in a foreign country as in the same country.
- Lots of call centres have relocated abroad because the labour cost is cheaper which increases the profit of the company.



Localised Industrial Regions:

Example: motor sport companies have offices in Oxfordshire and Northamptonshire e.g. Renault Formula 1 team. People like drivers and engineers can easily fly into the area. Use the internet to easily send and receive information and data about their cars to people around the world.

- Improvements in ICT and transport have allowed some industries to develop around a specific region that's useful to them, but still have global connections to get all the other things they need.

The Pros and Cons of TNC's

Transnational Corporation- Companies that produce and sell products in different countries.

E.g. Nike's Headquarters are in Oregon, USA and has many branches situated in South-east Asia

- TNC's increase globalisation by linking together countries through the production & sales of goods.

Location, Location, Location

- TNC's offices and headquarters are usually located in MEDC's because people have better education and administrative skills.
- TNC's Factories are usually located in LEDC's as labour is cheaper which means producing goods will be less costly and the company will gain more profit.

Advantages & Disadvantages of TNC's:

<u>Advantages</u>	<u>Disadvantages</u>
TNC's create jobs in all the countries they are located in.	Employees in LEDC's might be paid much less than Employees in MEDC's for doing higher intensity jobs.
Employees in LEDC's e.g. India get a more reliable income from working in the factories than working in paddy fields.	Employees in LEDC's are working for long hours (12 hours) in poor conditions. (These are known as "Sweat Shops")
TNC's spend money to improve the local infrastructure of the area e.g. airports, Roads & Bridges	The profits from the production go straight to the headquarters in the MEDC. They aren't reinvested in the LEDC.
New Technology and wisdom are brought to LEDC's	The Jobs in the LEDC's are not secure. They could lose their jobs without warning if company decide to set up somewhere cheaper.

TNC Case study: Coca Cola

Background Information

- Coca-Cola is a carbonated soft drink sold in the stores, restaurants, and vending machines of more than 200 countries.
- It is the number one manufacturer of soft drinks in the world.
- Their headquarters are situated in Atlanta, Georgia, USA
- 70% of its sales are generated outside of the USA.
- Coca Cola is manufactured in 44 different countries.



Advantages:

- Coca Cola offers training and education to those who have received little already.
- Coca Cola runs some community schemes in 10 LEDC's e.g. Africa and Bangladesh
- Coca Cola has invested \$1.5 billion in the Russian economy; this includes the constructing of manufacturing plants and improving the local infrastructure.
- Many of the bottling firms are local companies so all the profit stays in the host country. This is very important in LEDC's.



disadvantages:

- Working conditions in the bottling firms can be very harsh and those in tropical countries are without air conditioning facilities.
- The workers do not receive benefits and are left to pay for health treatment out of their little received payments (\$10 a day)
- In March 2004 one of Coca-Cola's LEDC Hosts, faced a depletion of the local ground water table due to the utilisation of natural water by the company. This posed a threat to communities and will increase the chances of drought.
- As Coca Cola is a very powerful company, if they are not happy with the economic conditions in the host company they will pull out and seek another, more profitable country. When Coca Cola do this suddenly, Thousands are left unemployed.

Change in Manufacturing Location

Newly Industrialised Countries- LEDC's in which manufacturing industries have grown leading to economic development.

Industrialisation- the development of industry on an extensive scale.

Deindustrialisation- When the amount of manufacturing in a country decreases.

- In recent years, many countries that have traditionally relied on agriculture have seen a massive growth in their manufacturing industries
- These Countries are known as NIC's (Newly Industrialising Countries). E.g. India, China & Brazil

Why have TNC's increased manufacturing in NIC's

- **Cheap labour-** In NIC's there is a much smaller minimum wage than in MEDC's like the UK. As the company pays less to its workers in NIC's, the cost of manufacturing is reduced and the profit that the company makes increases.
- **Long Working Hours-** in NIC's the rules regarding the hours of work are very relaxed. This means that employees will have longer hours and the company will produce more yield in a day.
- **Laxer health & safety Regulations-** in NIC's there are fewer health & safety regulations due to lack of education and they are often not enforced. This lowers the cost of manufacturing as in a MEDC a company would spend out money to increase the working conditions.
- **Prohibition of Strikes-** Some NIC's do not allow employees to strike over things like pay and poor working conditions. This means that money isn't lost as the workers are consistent.
- **Tax Incentives & Tax Free Zones-** Some NIC's offer a tax reduction to TNC's who move their manufacturing to their countries. Some NIC's also have tax free zones which means the TNC's don't have to pay taxes to move their manufacturing to a particular area. This is good for the TNC because they pay less in taxes and gain more in profit.



Deindustrialisation

- Most MEDC's have a history of manufacturing goods, e.g. cars have been manufactured in the UK for decades.
- In recent years manufacturing in NIC's has increased, manufacturing in MEDC's has decreased.

Causes of Deindustrialisation:

- Manufacturers move factories to NIC's as it is cheaper to produce more goods there.
- Manufacturers close down as they can't compete with the price of goods manufactured in NIC's.

Effects of Deindustrialisation:

- Lots of manual workers like factory workers can lose their jobs.
- As Factories close down some buildings become derelict.
- There can be an increase in higher paid service industries like banking and insurance companies.

Case Study: China, the new Economic Giant



Background Information

- In 30 years China has gone from being an agricultural economy to a strong manufacturing economy. (3rd largest in world)
- The Percentage of China's GDP that came from agriculture fell from 30% to <15% between 1978 and 2004.
- Number of products produced has increased rapidly e.g. **1978**. China sold 4000 TVs. **2004**. China sold 75 million TVs
- China manufactures a large range of goods e.g. computers, furniture & Clothes.
- Many TNC's have factories in China e.g. Nike and Disney

Reasons for growth in Manufacturing in China:

- **Cheap labour-** There is no single minimum wage in china; it differs from province to province. E.g. in Shenzhen the minimum wage is about \$180 per month, whereas in Beijing it is about \$140 per month. This makes china much cheaper than MEDC's like the UK where the minimum wage is about £990 per month.
- **Working Hours-** Chinese law states that workers should work for a maximum of 40 hours a week with 36 hours of overtime per month. This however is not enforced and some TNC's like Nike make workers work 80 hours of overtime per month to maximise the production of goods.

- **Laxer Health & Safety Regulations-** Although the health & safety laws in China are similar to those in the UK, they are not heavily enforced. E.g. in the last 10 years hundreds of Chinese factory workers have been treated for mercury poisoning despite china's strict laws with working with Toxic materials.
- **Prohibition of strikes-** In China workers are permitted to go on strike, but the All-China Federation of Trade Unions requires all workers by law to return to work as quickly as possible which means productivity is maximised.
- **Tax Incentives & Tax Free Zones-** China has many Special Economic Zones that offer tax incentives for TNC's. TNC's usually pay no tax for the first two years in the zone, 7.5% for the next three years and then 15% from then on. This is still half of the usual amount businesses have to pay in other areas of china. Because of this there's been around \$30 billion of investments from TNC's.

Globalisation: Food & Energy Supply

Globalisation and Energy demand

How has Globalisation increased the global demands for energy?

- Globalisation has increased the wealth of some LEDC's so people are buying more goods.
- A lot of these goods use energy, e.g. Cars and televisions, which increases the global demand for energy.

Why else is the global demand for energy increasing?

- The world population is increasing so the demand for energy is also rising.
- Devices that use energy like Computers and ipads are more popular so more energy is required to power them.

Impacts of producing more energy

Social impacts:

- To produce more energy, more power plants are required. As Power plants are huge and are an eyesore, the building and presence causes nearby residents to move away from the area.
- Nuclear power plants produce radioactive waste that can cause illnesses such as Cancer and Radiation Poisoning.
- Increase in Power plants can also increase the number of jobs for local residents as more people are needed to maintain them.
- Mercury is released when coal is burned – linked to neurological and developmental problems in humans.



Economic impacts:

- Countries with a lot of energy resources e.g. coal will benefit as other countries will buy energy from them and the country will become richer.

Environmental impacts:

- Burning fossil fuels releases Carbon Dioxide which adds to global warming. This will cause the sea level to rise, cause extreme weather and will make some species extinct. Using more fossil fuels will increase Global warming.
- Burning fuels also releases Sulphur dioxide and Nitrogen Oxide which dissolves in water in the atmosphere and can cause acidic precipitation. The acid rain can kill Animals as well as plants.
- Gathering wood for burning causes Deforestation which can cause damage to many ecosystems and habitats.
- Mining for coal causes air and water pollution and it also removes large areas of land which destroys many habitats.
- Transporting oil using oil pipes can be risky as if one of the pipes burst the oil spills would kill birds and aqua marine life.



"Coal is absolutely critical to our nation's economic health and global competitiveness." (Jerry Costello)

Globalisation & Food Supply

- Before the 1960's people mainly ate a small range of seasonal food that had been grown regionally.
- People now demand to have a range of foods all year round, regardless of growing seasons.
- This has led to globalisation of the food industry and food is now produced in foreign countries and imported.
- The increase in the world's population also needs to be met with food supply.



Food for thought: How many Countries are involved in making one can of baked beans?

Impacts of producing and importing more food

Environmental

- Transporting food by plane and vans produces carbon dioxide. The more food miles travelled the more carbon dioxide produced. The carbon dioxide adds to Global Warming. **(N)**
- Food that is produced locally by energy intensive farms requires lots of energy to make chemicals and run the machinery. Energy production creates lots of carbon dioxide so local energy intensive farms have a high carbon footprint which leads to more global warming. **(N)**
- To produce more food, some farmers use marginal land, e.g. steep hillsides. The soil in marginal land is thin and is not very resistant to erosion and it is very quickly eroded by farming, which degrades the environment. **(N)**
- A wide range of food is available all year round. E.g. bananas in December **(P)**
- By importing more food, it helps meet the increasing demand in countries that can't produce a lot. **(P)**

Political

- As lots of water is needed to produce lots of food, some countries with a low rainfall, e.g. Africa face water shortages as food demand increases.
- This may cause tension between countries that use the same water source. E.g. Sudan, Egypt and Ethiopia all rely on their water from the River Nile. **(N)**

Social

- Farmers who switch from subsistence farming (food for family) to Commercial farming (food is produced to sell) make more money due to the high demand of food. **(P)**
- This reduces the amount of food produced for local people, which they then have to import expensive food. **(N)**
- If food prices go down in the Trade Country, then farmers might not earn enough money to make a living. **(N)**



Economic

- Using Chemicals to help produce lots of food can be very expensive and might cause Farmers to get in debt. **(N)**
- Farmers can generate a steady and reliable income by producing food to export abroad. **(P)**

Campaigns to encourage the increased use of locally produced food

- In recent years celebrity chefs like Gordon Ramsay have encouraged people to eat more locally produced food.
- Buying Local foods helps to reduce the food miles and thus, reduces carbon dioxide emissions as it hasn't travelled a long distance.
- It also helps to support local farmers and businesses.
- However, if people only buy locally it can put people in LEDC's who export food out of business.

Reducing the impacts of Globalisation

Using Renewable Energy

- Energy needs to be sustainable. This means it needs to allow people alive today to get what they need (energy), but without stopping people in the future getting what they need.
- The idea of sustaining came from the Bible in which God named us as protectors and sustainers of the world he created for us.
- Producing energy using Fossil fuels (Coal, oil, and wood) is NOT sustainable as they will run out and there won't be any left for future generations.
- Using Fossil fuels also produces CO₂ which can cause global warming.
- Producing energy from Renewable resources contributes to sustainable development and allows areas to develop in a sustainable way.
- The Law of conservation of energy states, "Energy cannot be destroyed, but instead can transfer into other forms".

Examples of Renewable energy:

Wind - the wind turns the blades on wind turbines to generate electrical energy.

Biomass- Animal waste is burnt to release energy. It can also be processed to produce bio fuels, which are then burnt to release energy.

Solar Power-energy from the sun can be used to heat water, cook food and generate electrical energy.

Hydroelectric power-Water is trapped behind a dam and forced through tunnels. The water turns turbines into the tunnels to generate kinetic energy into Electrical energy.



Case Study: Wind Farms in Norway

Background information

- Currently, Norway is home to **15 wind farms**, producing enough electricity for **50,000 Households**.
- The largest wind farm is in Smøla, Nord-Møre. This accounts for half of the total production of electricity in Norway.
- It has **68 wind turbines** producing **450 GWh of electricity per year**.

Advantages

- As the wind conditions are one of the best in Europe, the wind farms are very cost effective.
- Nearly all materials used in a wind turbine are recyclable, and the wind farms can be taken away without letting signs in the landscape.
- Carbon dioxide emissions in Denmark have fallen **13.3 %** since the **1990's**.
- Norway's Wind power industry has created around **20,000 jobs**.

Disadvantages

- The wind farms destroy the beautiful Norwegian landscape.
- **The aesthetic deterioration** creates difficulties for the tourism industry in affected areas.
- Some of Norway's wildlife is being destroyed e.g. The Big blades are a danger to migrating birds
- Disrupts Norwegians lifestyle as the Wind turbines are noisy. Each one can generate the same level of noise as a family car travelling at **70 mph**.



The Kyoto Protocol

- Globalisation has increased the global demand for energy and more CO₂ emissions are being released which is increasing Global warming.
- The international community is working together to reduce the amount of CO₂ they produce as Global warming is a worldwide risk.
- The Kyoto protocol is an international agreement that has been signed by the United Nations to try and reduce carbon emissions by 2012.
- Each country has been set an emissions target e.g. The UK has agreed to reduce emissions by 12.5 % by 2012.

The Carbon Credits Trading Scheme

- Countries that come under the emissions target by 2012 will be rewarded by receiving carbon credits which they can sell to countries that aren't meeting their emission target.
- Countries that help poorer countries reduce their emissions can earn more carbon credits. This is good because it means that poorer countries will be able to reduce their emissions quickly.

Recycling Waste

- Globalisation means that people have access to more products at low prices, so they can afford to be more wasteful, e.g. People seek to buy new electronics when old ones break instead of seeking repair.
- The amount of waste going to landfill sites has increased with the increase of Globalisation.
- One way to reduce this impact on a local scale is to recycle waste to make new products e.g. recycling paper to make more paper.
- Some Sustainable Cities like Curitiba have a "Green Swap" system which is basically a system which allows residents to swap their waste for food and groceries.
- Small Scale differences can, in turn make a big difference to worldwide shortages and Global Warming.



Key Terms Check!

Newly Industrialised Countries - LEDC's in which manufacturing industries have grown leading to economic development.	Globalisation - the system of interaction among the countries of the world in order to develop the global economy.
Industrialisation - the development of industry on an extensive scale.	Transnational Corporation - Companies that produce and sell products in different countries.
Deindustrialisation - When the amount of manufacturing in a country decreases.	Alternative Energy -electricity generated from renewable resources.
Energy - factor such as electricity needed for work to be done.	Subsistence Farming - food that is grown for own consumption.
Commercial Farming - food that is grown to sell.	Manufacturing industry - an industry which transforms raw materials into products, usually in a factory.

Exam-Style Questions

1. What is meant by the term "Globalisation"? (1 Mark)
2. Explain how improvements in air transport have increased globalisation. (2 Marks)
3. Explain what is meant by "interdependent". (1 Mark)
4. Explain why some companies have moved their call centres abroad. (3 Marks)
5. What is meant by the term "Transnational Corporation" (TNC)? (1 Mark)
6. Give two advantages of TNC's locating at places like south-east Asia. (2 Marks)
7. How do TNC's increase Globalisation? (2 Marks)
8. For a named TNC that you have studied, describe the advantages and disadvantages it has brought to different countries. (8 Marks)
9. Suggest why MEDC's move their factories to LEDC's. (6 Marks)
10. Describe one other reason why factories are moved to NIC's (2 Marks)
11. Describe what is meant by the term "deindustrialisation". (1 Mark)
12. Describe the effects of deindustrialisation on MEDC's. (2 Marks)
13. Describe and explain the recent growth in manufacturing in china. (8 Marks)
14. Explain why globalisation has increased the global demand for energy (2 Marks)
15. Explain ONE social impact of building more nuclear power plants. (2 Marks)
16. Describe & explain the environmental impacts of producing more energy from fossil fuels. (6 Marks)
17. Describe how commercial farming is different from sustenance farming. (1 Mark)
18. Explain the problems caused by switching from commercial to sustenance farming (2 Marks)

19. Describe two impacts of importing food from all around the world. (4 Marks)
20. Describe how electricity can be generated using hydroelectric power. (2 Marks)
21. Contrast the sustainability of renewable and non-renewable energy sources. (3 Marks)
22. Describe a renewable energy source that you have studied and the impacts it has had. (8 Marks)
23. Describe how the carbon credits scheme works to help reduce carbon dioxide emissions (4 Marks)
24. Explain the impact of increased globalisation on waste production and how recycling reduces the impact (3 Marks)
25. Describe, in detail, the advantages and disadvantages of buying local produce. (3 Marks)