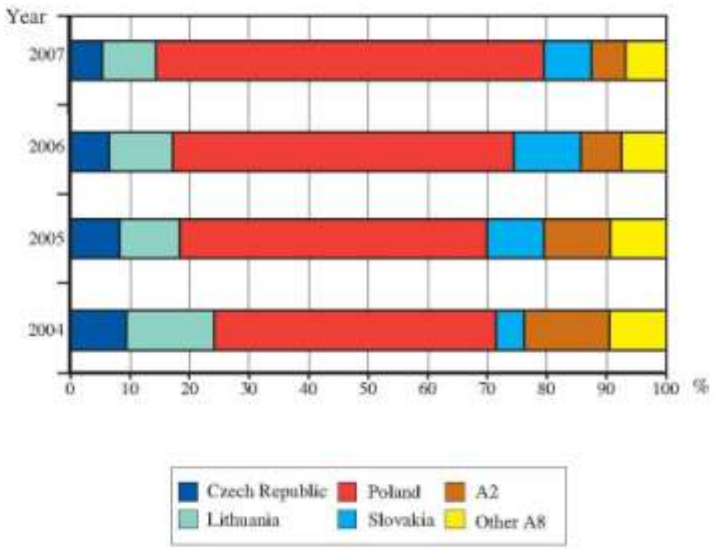
What is globalisation?

Globalisation is '**the growing economic interdependence of countries worldwide**' it is driven by:

- international trade
- information technology.

Places become **inter-dependent** on each other.

One good example of globalisation has been the expansion of the EU. Between 1995 and 2004 membership of The EU jumped from 15 to 25 countries with many East European countries such as Poland joining; in 2007 Bulgaria & Romania also joined bringing the current total to 27.



This graph showing migration to the UK from the 2010 paper asked candidates to describe the changing patterns of migrants from new members of the EU.

What have been the social and economic impacts of the enlargement of the EU?

Economic impacts:

- **Trade** – the EU is the world's largest single market.
- **Jobs** – the volume of trade brings jobs but places like the valleys in wales also get EU grants to set up new businesses and create jobs. But as well as creating new jobs – EU migrants can also take jobs.
- **EU grants** – have also been used to build infrastructure projects such as roads in Wales.
- **Money for farmers** – farmers receive payments from EU tax payers from the **Common Agricultural Policy.**
- **Borrowing money** – The UK has been forced to borrow money to help 'bail out' countries like Ireland whose economies collapsed because of the global recession.
- **Taxes** – like it or not EU money comes from taxing the people in the EU. In the UK we pay in more money than we get out – but in Wales we get in more than we pay – so that's OK then!!!!!!

Social Impacts:

- **Racial tensions** – there have been examples where local populations turn against migrants - this happened in France and was directed at The Roma gypsies.
- **Pressures on resources:** in some English cities schools have had problems with large numbers of new children that cannot speak English and need expensive support.
- **Multicultural diversity** – sharing culture can enrich society whether it be music, dance or food – there is now the Polish Isle in Tesco's adding more choice to UK diets.
- **Learning new languages** – many people have had the opportunity to learn new languages from friends and co-workers.
- **Travelling** – increased opportunities to travel.

How have newly industrialised countries such as India and China benefited from globalisation?

China and India are now rarely described as LEDC's – we normally call them **RIC's** – Rapidly Industrialising Countries. Globalisation is a big reason for their rapid economic development:

- **Access** to markets – both countries have developed large manufacturing industries. Due to lower wage costs they can undercut prices of places like Wales.
- **Services** – especially India which is English speaking and has excellent university education competes well for service industries such as call centres. They also provide a lot of ICT services from helplines on the phone to major global service contracts.
- The growth of **TNC's** (Trans National Companies) – means that companies such as Microsoft can have large operations in India.
- Development of modern **ICT/communications** means that many operations or jobs can be done anywhere in the world.
- Long-haul **tourism** – many tourists from rich countries are looking for exotic holidays and both China & India have benefitted from a rapidly growing tourist industry

This rapid development has brought many economic and social impacts to both China and India.

Economic Impacts:

- **More jobs** – especially higher paid jobs in manufacturing and services instead of subsistence farming.
- **Growth of middle class** – with more money comes more professionals such as bankers and stock exchange workers.
- **Increased taxes** – with greater wealth both countries collect more tax which they can spend on education and healthcare.
- **Overseas investments** – China is making massive business investments in China. India is doing the same in the Commonwealth – British steel is now owned by the Indian company Tata.

Social Impacts:

- **Better healthcare** – paid for by increased taxes/trade.
- **Better education** – paid for by increased taxes/trade.
- **Chance to travel** – many middle class Chinese and Indians are having the chance to travel internationally increasing the concepts of global citizenship.
- **Brain drain** – India especially is losing many professionals (which it needs) especially doctors and ICT specialists.

How have patterns of trade hindered economic progress in the least developed LEDCs?

The **LLEDC's** - least developed countries are mostly in Sub-Saharan Africa and include Uganda. Their progress has been held up by the rules of trade established by the richest countries such as The USA, EU, Japan, Australia and Canada (QUAD countries) they use tariffs, quotas and subsidies to protect their markets from LLEDC's.

- **Tariffs** – these are taxes a country charges on any import.
- **Quotas** – these are set limits on how much of something can be imported.
- **Subsidies** – these are payments made by a government to a producer in its country.

They may also **dump** excess or subsidised produce on countries destroying local industries. The USA & EU dumps subsidised foods in Africa one year putting farmers out of business – then the next year when there is no locally grown food charges high prices!!!!!!!!!

Balance of trade – **Exports** minus **Imports** nearly always favours the rich countries. LLEDC's export raw materials which are usually low value but import manufactured goods which are high value. Rich countries make the money by turning the raw materials into the finished product. Even if manufacturing does take place in LLEDC's it is usually owned by **TNC's** owned by rich countries.

One solution to this is **fairtrade** in which producers in LLEDC's are paid more for the raw materials allowing them to work their own way out of poverty.