# Globalisation

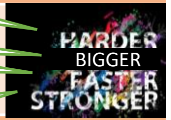
Paper 2 Topic 3 edexcel

## What are the Causes of Globalisation and why has it Accelerated in Recent Decades?

### What is Globalisation?

Globalisation is a long-standing process which has accelerated. It involves the widening and deepening of global **connections, interdependence** and **flows** of **commodities, information, capital, migrants** and **tourists**.

- Flows are more intensive
- Flows are more extensive
- Flows happen more rapidly
- Flows have larger impact




### How have Transport Developments Accelerated Globalisation?

**19th Century**

During the colonial era, European nations spread their rule across the globe. British, French, Dutch, Portuguese, Belgians and Germans used colonies in Africa, Central America and Asia as a source of raw materials e.g. cotton, and as a market for manufactured products e.g. textiles. Developments in transport allowed global trade to intensify and become more extensive.

**Railway –** Steam technology and puddled iron enabled the British Empire to build the world's most extensive rail network in India to export opium, tea and spices.

**Telegraph –** Was the first means of mass communication and was used extensively by rail operators.

**Steam-Ships –** Were less dependent on wind patterns so new trade routes opened up and trade accelerated.

**20th Century**

Use of fossil fuels accelerated to cut trade and communication times, contributing to a **'shrinking world'.**

**Jet Aircraft –** Air cargo and air mail promised faster delivery times than rail and shipping and new opportunities for cheaper long-haul travel increased flows of tourists and migrants.

**Containerisation –** Supported a post-WWII boom in international trade. Rather than loading ships on pallets, containers of equal size and shape were used and handling machinery became standardised. Ships then spent 1/30th of the previous time in port. TNCs expanded and the economic centre of gravity shifted eastwards.

### How have Communications Developments Accelerated Globalisation?

**21st Century**

Developments in mobile technology and miniaturisation of electronics have enabled businesses to become more footloose and global connections between geographically dispersed peoples became deeper. Time and space no-longer exert the same controls over global flows - **'time-space compression'**.

**Mobile Phones and Social Networking –** Mobile technology dominates in developing countries where landline infrastructure is limited. People from developing and developed nations are able to share ideas and cultures through social networking sites such as Facebook, Instagram and Twitter.

**Internet and Fibre Optic –** Information can now be shared instantly, allowing TNCs to operate a New International Division of Labour (NIDL) efficiently to maximise profits, sourcing raw materials in developing countries, manufacturing in emerging economies, and retailing, researching and developing in developed nations. Artificial Intelligence has also allowed Just In Time factory production.

**Electronic Banking –** Global investments can be adjusted instantly and purchases can be made on the internet. Amazon Marketplace and PayPal partner to provide a global marketplace to retailers.

### How have International Organisations Accelerated Globalisation?

The Great Depression was a severe, worldwide financial crisis in the 1930s. The crisis was blamed on 'beggar-thy-neighbour' policies of trading nations whose high tariffs caused world trade to nosedive, resulting in mass unemployment. In 1944, 44 nations met at the Bretton Woods conference. They developed 3 international organisations to manage global trade:

**World Trade Organisation (WTO)**

- Established internationally agreed rules to prevent unfair trading arrangements which excluded some countries.
- Reduced or removed trade quotas (limits on quantity of commodities exchanged between countries).
- Reduced or removed trade tariffs (taxes charged).

**International Monetary Fund (IMF)**

- Fixed exchange rates.
- Provided emergency loans to countries in trade deficit.
- Loans tied to 'Structural Adjustment Programmes (SAPs) so countries forced to adopt liberal, free trade, capitalist policies, opening their doors to Foreign Direct Investment from TNCs.

**World Bank**

- Provided low-interest loans for infrastructure e.g. power plants, dams, roads, airports, ports and agriculture to promote FDI by TNCs.
- Funded post-WWII reconstruction.

**Mini-Example**

**Bananas –** EU had trade deals to import bananas from Commonwealth countries in the Caribbean. WTO ruled against this. Small importers to UK now out-competed by US giants, Dole and Chiquita.

## How do National Governments Accelerate Globalisation?

### Membership of Free Trade Blocs

Countries group together in trade blocs to provide preferential trading.

**European Union (EU) –** Economic union of 28 nations with no tariffs or quotas, allowing access to single market of 500mn people. Also free movement of people, without Visas or passports, for travel or migration.

**Association of Southeast Asian Nations (ASEAN) –** Free trade area founded in 1967 to manage politics after independence. 10 states - Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Vietnam, Thailand. Arrange free trade with other nations – India, China and Australia.


### Capitalist Economic Policies

Capitalism is a politico-economic system in which industries are privately run for profit. 1980s Conservatives were the first UK government to truly embrace capitalism and actively promote globalisation.

**Free-Market Liberalism –** Government subsidies were withdrawn for unprofitable industries so UK coal declined due to competition from cheaper Chinese imports.

**Privatisation –** State-owned businesses e.g. British Gas, British Telecom and British Airways were auctioned off to private buyers.

**Encouraging Business Start-Ups –** Tax-breaks and grants were offered to TNCs seeking FDI in areas of Britain with high rates of unemployment e.g. Nissan car plant in Sunderland.

### Example of how National Governments Spread Globalisation - China

- Chairman Mao operated highly protectionist, communist policies.
- Deng Xiaoping introduced his Open Doors Policy in 1978.
- 4 Special Economic Zones were created in Hong Kong, Taiwan, Shenzhen and Macau, offering foreign companies low tax rates.
- SEZs achieved 40% economic growth rates in their first decade.
- One-Child Policy also promised a 'demographic dividend' with the largest youthful working population in the world with few children.
- Low wages mean 95% lower labour cost in China than USA.
- Investment in infrastructure improves transport and communications e.g. Three Gorges Dam allows larger ships to navigate the Yangtze and it is the largest power plant by output in the world, powering industrialisation in China.

## How do Trans National Corporations Accelerate Globalisation?

### Operating a New International Division of Labour (NIDL)

Private companies are profit driven. Raw materials are 'outsourced' from developing countries. Factories are 'off-shored' in emerging economies lacking minimum wage but where infrastructure is sufficient. Retail price is highest in developed countries. Flows of commodities increase.

### Out-Competing Independent Businesses

With sufficient income to expand capacity of warehouses, transport and manufacturing plants, TNCs achieve economies of scale. Cheap production costs can be passed on to the consumer, out-competing local independents. Retail becomes more global and less local.

### Horizontal and Vertical Integration

TNCs have sufficient funds and reputation to achieve a monopoly over one level in the production process e.g. Apple purchased Emagic and Logic pro for control over music downloading, or over the whole process e.g. Exxon Mobil controls oil wells, tankers, refineries and petrol stations.

### Expansion into New Markets

Investment in research and development allows TNCs to relentlessly explore new markets in emerging economies. Products are developed through 'glocalisation' to reflect regional customs and cultural preferences, allowing a westernised culture to spread.

## How Does the Degree of Globalisation Vary?

Globalisation is not an even process. Some countries are 'switched on', others remain 'switched off'. The degree of globalisation can be measured.

### KOF Index

Produced by the Swiss Economic Institute. Calculated according to:

- **Economic Flows –** FDI volume.
- **Social Flows –** cross-border calls, letters, tourists, internet, TV, brands.
- **Political Flows –** foreign embassies, IGO membership, UN peace effort.

Economic flows are weighted and countries are ranked. Ireland, Belgium and Netherlands are top 3 in spite of US TNC dominance. However, large countries have big domestic market so have few cross-border interactions.

### A T Kearney Index

Produced by the Carnegie Endowment for International Peace. Based on:

- **Economic Flows -** cross-border transactions and FDI volume.
- **Social Flows –** cross-border calls, tourists, migrant remittance.
- **Political Flows –** IGO and treaty membership, UN peace effort.
- **Technological Connectivity –** Number of internet users.

Results are more holistic as broad range of interactions are recognised. Weighting is also more complex. Singapore, Switzerland and USA top.

## Example of why Countries e.g. Zambia in the Sahel Remain 'Switched Off'?

### Political Reasons

Zambia was controlled by the British Empire until 1964. Raw copper made up 90% of the country's exports and they provided a market for higher value British manufactured goods which stifled Zambian development. These patterns of trade deficit persist and deter manufacturing investors.

### Environmental Reasons

Zambia's rich copper belt makes it the 8th largest producer in the world. Dependency on raw materials makes them vulnerable to price fluctuations, such as the 1970s copper market crash. Investment from TNCs withdrew and focused on valuable raw materials elsewhere e.g. oil in Nigeria.

### Economic Reasons

Debt repayments reduced public spending on social welfare so life expectancy is only 58 and only 23% can afford internet. World Bank wrote off 50% of Zambia's debt in 2005 so social spending could improve.

### Physical Reasons

Zambia is landlocked so relies on good relations with neighbours to profit from exports. In 1970s, TanZam railway was built with Chinese, but vulnerability of cross-border infrastructure deters investors.

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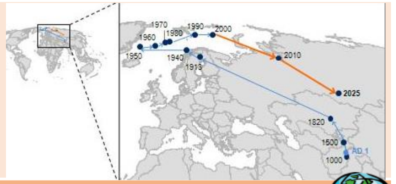
## What are the Impacts of Globalisation?

### How has the Global Shift has Created Winners and Losers?

The world's **economic centre of gravity** is calculated by weighting countries by GDP and projecting this to the nearest location on the world's surface. Economic power shifted towards the west during UK and USA's Industrial Revolution, but reversed after 2000 and began rapid movement towards the east, due to **global shift** in **manufacturing** & **services** to Asia. China has been the world's largest recipient of FDI since 2000.




### Example of the Impacts of Global Shift in China

**Winners**

**Improved Infrastructure**
Increased government spending power has allowed China to establish the world's longest highway network. Their High Speed Railway system has doubled in length in 10 years, connecting Beijing with Shanghai. This allows industrial development to spread beyond the capital city as industries will be attracted to cheaper production costs elsewhere.

**Reduced Poverty**
Over 300 million Chinese people are now considered to be middle class, nearly as many as the entire US population. Although 20% of the population still live on less than $2 per day, particularly in rural areas, many are better-off as family members working in the city will send remittances to the countryside, improving standard of living.

**Higher Urban Incomes**
Urban incomes have risen by 10% since 2005 and urban wages include pay for overtime and payed holiday. This gives workers higher disposable income, so demand for services increases, causing a multiplier effect. The rural-urban divide is significant however as subsistence agriculture dominates in rural areas and few industries invest.

**Improved Education**
Government income from corporation tax has enabled further investment in education. They provide free, compulsory schooling for children aged 6-16 and literacy rates are now 94%, compared to 20% in 1950. This creates a multiplier effect as service industries such as telecommunications are attracted by an educated workforce.

**Losers**

**Air and Water Pollution**
China depends on coal-fired power stations to power industry which produce particulate matter. Beijing is classified as 'unfit for human habitation' as air pollution causes asthma, lung cancer and heart problems. Furthermore, 70% of Chinese rivers experience eutrophication from over-intensive farming and much of the Yangtze is unsuitable for irrigation.

**Land Degradation**
Over 40% of farmland is suffering degradation due to acidification from industrial emissions and soil erosion from intensive soybean farming for increased Chinese consumption of pork as diets are westernising. Deforestation for expanding settlements, industrial areas and intensive agriculture has also caused a 50% decline in biodiversity since 1970.

**Resource Depletion**
Demand for industry is so high that China exploits resources abroad. Farming of soybeans in Brazil and Ecuador causes deforestation, Zambian copper mining causes water pollution as dust particles obscure light in river waters, preventing photosynthesis, and frequent oil spills in the Niger delta of Nigeria are all consequences of China's resource extraction abroad.

**Growth on Unplanned Settlements**
As manufacturing develops in urban areas e.g. Shanghai and Beijing, rural-urban migrants are attracted by the promise of higher wages than agriculture. When migrants are unable to find work and low-cost housing is not constructed fast enough, unplanned squatter settlements develop. 50% of Shenzhen's housing is classed as being 'informal', and lacks basic services e.g. sanitation and clean water.

### What are the Impacts of Economic Restructuring in Developed Countries e.g. Bristol?

**Environmental Impacts**
**Dereliction -** Shipbuilding out-compete by cheaper Chinese steel + coal. Docks closed in 1975. Surrounding factories e.g. Imperial Tobacco closed.
**Contamination –** Brownfield sites contaminated by lead and asbestos so developments on greenfield sites was cheaper. Temple Quarter remains derelict.

**Social Impacts**
**Unemployment, depopulation and Crime –** blue-collar Afro-Caribbean Windrush generation lost jobs so high IMD, linked to ethnic minorities in St Paul's. Led to poverty cycle which persists as low educational attainment. Slums were cleared after WWII and replaced by tower blocks causing crime in Filwood.

## What are the Impacts of Increasing Migration?

### The Growth of Megacities

**Urbanisation** is the growing proportion of people living in urban areas. **Megacities** have a population of over 10 million people. The first examples were Tokyo and New York but there are now 37 in the world, mainly in south Asia e.g. Mumbai, New Delhi and Beijing.


### Example of a Megacity's Growth and Impacts - Mumbai

**Rural-Urban Migration**
**Push Factors** - drought as climate change makes the monsoon more variable in Maharashtra State; Green Revolution caused mechanisation of farming.
**Pull Factors –** Modi's Make In India campaign attracted investment in manufacturing e.g. textiles and leather industries.

**Natural Increase**
**High Birth Rates –** Hinduism and Islam only accept contraception under certain circumstances. Cultural preference for large families to work.
**Falling Death Rates –** Improved access to clean water through charities e.g. WaterAid and affordable vaccinations.

**Social Challenges**
Urban growth has been faster than provision of new housing. Dharavi is India's largest slum and 50% of Mumbai's residents live in slums. 78% of slums lack toilets so open defecation is common and infant mortality from cholera and typhoid is common.

**Environmental Challenges**
The growing population disposes of 11mn tonnes of refuse each day. Waste from the largest landfill, Deonar, causes groundwater pollution and local schools must have water delivered by tanker. Burning of waste releases toxic gases causing lung problems.

### Example of Migration to Global Hub Cities - Russian Oligarchs to London

- Global hub cities exert a dominant influence over continental and global economics. They attract flows of goods, capital and migrants.
- 300,000 Russians now call London their home with a surge of 100,000 in the last 2 years. These are elite migrants.
- Britain offers tax-free income for Russian's who earn outside the UK, 4 Russian newspapers and world-respected education.
- 1/3 of property purchases by foreign buyers in London are by oligarchs. This has caused price inflation and unaffordability.

### Mass Low-Wage Migration – Poland to UK

- EU expanded in 2004 to include Poland, which now accounts for 2/3 of migrant inflow from the EU.
- At the time, unemployment was 20% in Poland, compared to 5% in the UK, and minimum wage is twice average earnings in Poland. Strong value of £ increase remittances value in Poland.
- Positive impacts include – balance to ageing population, workers for seasonal agricultural jobs e.g. fruit picking in Cambridgeshire.
- Negatives include – brain drain, xenophobia.

## What are the Impacts of Globalisation's Developing Global Culture?

### Example of Changing Diets in Mexico

- TNCs, global media, tourism and migration create and spread an increasingly westernised global culture – cultural diffusion.
- Mexico's former president was on Coca Cola's board of directors.
- Advertising by Coca Cola is rife in rural areas where access to clean water is poor and Coca Cola is distributed as a substitute for insufficient tap water in schools in Chiapas district.
- Mexico now consumes more carbonated drinks than any other nation and have one of the world's highest rates of childhood obesity. 10% of children are fed Coca Cola between 0-6 months, rising to 80% by the age of 2.
- Type 2 diabetes kills 70,000 per year and amputation rates are high.

### Example of Cultural Erosion in Papua New Guinea

- PNG gained independence from Australia in 1975 and has maintained a strong reliance on Australian trade and investment.
- PNG is now developing more extensive global partnerships with a $19bn Exxon Mobil natural gas investment and PNG is now the largest exporter of timber to China. Chinese have also built roads into highland logging areas and introduced broadband.
- 80% of Dani tribes are now Christian and no-longer practice traditional religion, food, music, clothes and social relations.
- 12 PNG languages now have no known speakers.
- TV usages has been correlated with increased violence.
- Oil spills, cyanide and acid deposited in rivers and coasts.

### Example of Increased Awareness for Disadvantaged Groups

- Diffusion of western attitudes towards disabled groups has spread through global media coverage of Paralympic Games.
- In the year 2000, only 25% of Chinese disabled people found employment, held back by lack of accessibility.
- Since the 2008 Beijing Paralympic Games, the city has seen renewed investment in level access, disabled ramps and elevators.
- Increased media coverage of Paralympic Games has focused on potential and ability of disabled athletes, rather than disability, affording them increased respect and understanding from the global community, particularly in developing countries.

### Opposition Groups and Conflict

- **Concerns over cultural impacts –** terrorist organisations e.g. al-Qaeda first developed as a backlash to westernisation of Islamic cultures. Far right anti-Islamic movements have developed in the west, such as the English Defence League.
- **Concerns over economic impacts –** Boycott movements easily develop on social media sites e.g. Boycotts of Nike in 1990s in response to human rights abuses in Vietnamese factories.
- **Concerns over environmental impacts –** Global awareness of environmental issues spreads through media campaigns e.g. boycotts against Palm Oil and plastics.

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## How Does Globalisation Impact Development and how is Globalisation Managed?

### How can we Measure Development?

| | Indicator | Definition |
|---|---|---|
| Economic | Gross National Income (GNI) | Value of goods and services produced domestically and overseas each year. |
| | Economic Sector Balance | % contribution of primary, secondary, tertiary and quaternary industries to GNI. |
| | Gini Coefficient | Measures income inequality. 0 = perfect equality, 1 or 100% = 1 person holds all the wealth. |
| Social | Life Expectancy | Average age someone is expected to live to from birth. |
| | Adult Literacy Rate | % over age of 15 who can read and write. |
| | Human Development Index (HDI) | 0 = worst, 1 = best. Devised by UN. Combines life expectancy, education and GDP. |
| | Gender Inequality Index (GII) | 0 = equal 1 = unequal. Devised by UN. Combines reproductive health, education, employment. |
| Env | Air Pollution Index | Combines measures of pollutants e.g. sulphur dioxide, nitrogen oxides, particulates & volatiles |

### How do the Trends of Social and Economic Development Differ?

**Economic Development**

- Global trade has allowed every region to increase GDP per capita since 1980, but progress has been uneven.
- Developed countries still hold economic power – USA has largest GDP of any country, matched by Europe.
- China grew rapidly due to global shift since 1970s to be second largest economy by GDP.
- Other emerging economies e.g. India are developing rapidly due to outsourcing of telecommunications.
- Growth in developing countries in sub-Saharan Africa has been modest so development gap has widened.

**Social Development**

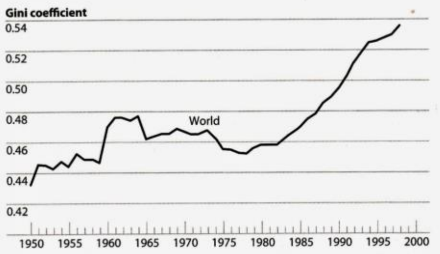
- Social development high in developed world where women achieve high economic status.
- Emerging economies dominated by secondary sector can cause human rights abuses so low health.
- TNC secondary industries in emerging economies cause land degradation, air and water pollution, leading to malnutrition and respiratory illnesses.
- Developing countries are still dominated by primary industries which cause trade deficit and high levels of sovereign debt so low social spending.

### How and Why is Inequality Changing?

**Global Inequality**

**New International Division of Labour –** Jobs in developing and emerging nations are primary and secondary sector so low paid, whilst retailing, research and development in developed countries are very highly paid.

**Trade Surplus vs Deficit –** Developing countries are trapped in trade deficit as their export low value raw materials and import valuable finished products from developed countries. High levels of debt make it hard to catch up.



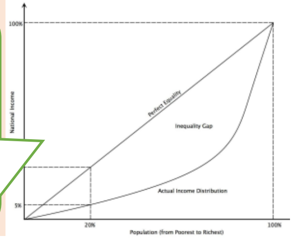

**National Inequality**

**Rural-Urban Divide -** TNC investment focuses on urban areas where large pools of labour exist. Governments invest in infrastructure in urban areas for the same reasons. Gap between urban manufacturing and rural subsistence agriculture widens.

**Urban Rich-Poor Divide –** Manufacturing jobs acts as a pull factor. Rapid urbanisation leads to growth of slums and unemployment as labour supply exceeds demand.

**Ethnic Divide –** Indigenous and ethnic minorities are excluded from education due to language or poverty so occupy low wage jobs.

Lorenz curve plots inequality. % of population is plotted against % of wealth they hold. Increasing distance of curve from perfect line indicates increasing level of inequality.




## What Attempts have been Made to Control the Spread of Globalisation?

| | Strategy | Description and Example | Consequences |
|---|---|---|---|
| National | Censorship | Kim Jong Un's dictatorship control all media to prevent foreign influences and ensure positive opinion of leadership is maintained. Listening to unlicensed DVDs, radio stations and social media content is a 'crime against the state' and carries punishment e.g. hard labour, prison sentences and death penalty. | + Reduced diffusion of ideas so less cultural erosion of music, food, dance, dress and religion.<br>- Population lack awareness of disadvantages groups.<br>- Loss of political accountability and freedom. |
| | Limiting Immigration | In 2008, UK's Labour government introduced a points-based system, ensuring immigration of highly-skilled, educated English-speakers from outside the EU. More recently, UK voters opted to leave the EU in the 2016 referendum by a vote of 52%. | + Reduced risk of xenophobia and race hatred from perceived pressure on jobs and state welfare.<br>- Lost potential of thriving migrant diasporas, providing cheap, hard working labour in agriculture. |
| | Trade Protectionism | Trump has floated the idea of a 45% tariff on Chinese imported goods and has threatened trade embargoes if counterfeiting and intellectual property theft continues. 60% of global counterfeit goods are made in China. Trump has also threatened exiting of NAFTA and free trade between US, Canada and Mexico. | + Preferable economy for domestic manufacturing provides low-skilled manual jobs and protection against deindustrialisation.<br>- TNCs less likely to invest as importing raw materials will be expensive due to high tariffs. |
| Regional | Recycling Schemes | Local authorities increase diversity of kerbside recycling available. In 1990s, recycling was almost exclusively done at bottle banks or local recycling centres. NGOs such as Keep Britain Tidy also campaign for beach and countryside cleanliness through the media. | + Recycling plastics avoids over-filling landfills and addition of plastics to oceans.<br>- Rates between authorities vary with only 18% recycled in London, compared to 60% in Oxfordshire. Often due to varied education levels and ease of kerbside access. |
| | Local Sourcing | Totnes was the world's first Transition Town. A global network now exists using internet and social media to spread the concept. Towns in 50 countries now promote reducing consumption through repairing, reusing and trading, reducing waste and using food from local farm shops. Bristol introduced the Bristol Pound to promote spending in local businesses. | + £10 spent locally is worth £23 to the local economy through the multiplier effect with no removal of profits by TNC CEOs.<br>+ Reduced ecological footprints so less global impact.<br>- Businesses rely on wasteful consumerism to maintain profits and demand. |
| | Fair Trade | Fairtrade is an NGO which certifies products with a mark, indicating their products are ethically produced with a fair price paid to farmers. Farmers must agree to environmentally sustainable practices. In 2009, Starbucks served its first Fairtrade coffees from Guatemalan beans but still only 8.5% of sales are Fairtrade. | + WTO trade policies mean that small farmers lose out to TNCs in the global market. Fairtrade ensures higher prices for producers.<br>- Fairtrade farmers are required to avoid fertilisers and pesticides so more land is cleared to maintain high enough yields. |
| Individual | Boycotts | Individuals can chose to avoid specific commodities with environmental consequences e.g. use of plastics and palm oil in food. In the 1990s, boycotts against Nike were common in protest to alleged human rights abuses in Vietnamese factories and low wages with child labour. | + Increased awareness on social media of environmental and ethical reasons for boycotts e.g. endangerment of orangutans in Malaysia due to deforestation for palm oil.<br>- Ethical products are high costs so actions tend to be limited to upper-middle class – small scale. |
| | Campaigns | In Canada, First Nations indigenous people have campaigned for security of land rights and human rights. In 2013, 6/21 resource exploitation projects were close to collapse due to protests e.g. fracking in New Brunswick, soils sands and shale mining in Alberta and the Pacific Trans Pipeline. | + Increased equality and recognition of indigenous rights and maintained access to fishing and farmland.<br>+ Reduced over-exploitation of resources.<br>- Deters investment from TNCs so reduced provision of higher paid jobs and government tax income. |

| Key term | Definition |
|---|---|
| Superpower | A state or organisation that is able to extend a dominant influence globally. |
| Emerging power | A state or organisation that is growing significantly in power and beginning to extend a more global influence. |
| Regional power | A state or organisation with a sphere of influence that tends to be continental rather than global. |
| Hard power | Power through force or coercion. |
| 'Soft' power | Power through favour or persuasion |
| Hegemony | Leadership or dominance, especially by one state or organisation. |
| Colonialism | The acquisition of political control over a territory by another country, and the subsequent settlement of that territory |
| Neo-colonialism | The use of economic, political and cultural power to influence other countries |
| Direct control | Maintaining control through 'hard' power, e.g. colonialism |
| Indirect control | Maintaining control through 'soft' power, e.g. neo-colonialism |
| Uni-polar | A world with a single, dominant superpower. |
| Bi-polar | A world with two dominant superpowers. |
| Multi-polar | A world with a multitude of superpowers. |
| Geopolitical | Referring to the influence of geographical factors on international relations |
| Blue water Navy | A navy that can be deployed into Open Ocean i.e. with large ocean-going ships. |
| Diplomacy | The negotiation and decision-making that takes place between nations as part of international relations, leading to international agreements and treaties. |
| Ideology | A set of beliefs, values and opinions held by the majority of people in a society e.g. 'Western Values' of free speech, individual liberty, free-market economics and consumerism. |
| Cold War | A period of tension between the two superpowers of capitalist ASA and communist USSR lasting from 1945 to 1990 |
| Acculturation | A process of cultural change that takes place when two different cultures meet; it includes the transfer of a dominant culture's ideas on to a subordinate culture |
| Sphere of influence | The geographical area over which a powerful country can assert its authority |
| Dependency | The progress of a developing country is influenced by economic, cultural and political forces that are controlled by developed countries |
| Modernisation theory | A neo-liberal model used to explain the growth and dominance of the British Empire and the USA that suggests sufficient investment in developing economies would stimulate industrial change |
| Neo-liberalism | An approach that transfers control of economic factors to the private sector away from government control, with the idea that there is an open market for trade and the economy is free of restrictive barriers and regulations |
| World systems theory | A model that divides the world into 3 sections; a developed core, a developing periphery and the semi-periphery. |

### Soft power

Soft Power Index created by created in 2012 measures oversees contributions, number of embassies overseas, income inequality, democracy and person freedoms (e.g. recognition of gay marriage). 2019 France topped the list followed by UK then Germany. Soft power can be exerted through culture, political values and foreign policies.
Culture – BBC Strictly Come Dancing, English language Oxbridge.
Political values – democratic political structure, focus on equality like a western structures.
Foreign policies – sanctions military/defence, intelligence, foreign aid, global environmental policy.

## Superpowers Enquiry Question 1 - What are superpowers and how have they changed over time?

### What is a superpower?

| Mechanism of power | How the power is used as a control measure |
|---|---|
| **Physical size & geographical position**<br>Soft power | Larger countries have greater resources and influence e.g. Russia is the largest country at 17 million km2, that stretches from the Baltic to the Pacific in Europe and Asia. Therefore it controls vast resources including Arctic oil. However, more neighbours can create more tensions. Russia neighbours Norway (a democracy) and China (an authoritarian one party state). |
| **Economic power & influence**<br>Soft power | GDP used as a measure to show economic power. The top 10 largest economies earn 65% of global GDP. They spend this too with large consumer markets. This attracts largest investments and creates global hubs e.g. London. Powerful currencies like the US Dollar the Euro (despite its weaknesses). 40% of global GDP is rom EU and USA. Organisations like G20 or trading blocs like EU also further influence soft power. 20 largest economies also give he most aid to the world's poor. They decide who receives aid, the conditions under which it is given and policies that must be adhered to. |
| **Demographic factors**<br>Soft power | Population size can be a key to economic success through creating a sufficient labour force to generate economic growth. UK has used inward migration to create a labour force since the 1990s. China and India each use their large populations as a source of cheap labour. Large populations also create large markets. Large population is not crucial though as Singapore has a small population but is a major influence in Southeast Asia. |
| **Political factors**<br>Soft power | Political groups such as G8 and OECD work as like minded countries to improve its member states and in some cases, work globally. For example, in 2008, the G20 collectively organised a recovery plan to tackle the global banking crisis. |
| **Military strength**<br>Hard power | Historically, major influence on determining power. China has the largest military closely followed by USA. However, military budget is often more influential that personnel. USA dwarfs all other military budgets with 37% of all global military spending, constantly researching and developing its arsenal. |
| **Cultural influence**<br>Soft power | TNCs such as Time-Warner, Disney, Coca-Cola, McDonalds or Sony influence people's lifestyles around the world. Perhaps most influential is News Corporation and its owner Rupert Murdoch who owns The Times, The Sun, The Simpsons and many, many more. |
| **Access to natural resources**<br>Soft power | Oil, gas and coal for energy and metals like Iron ore for the steel industry are example of resources that are essential to economic development. However the possession of natural resources do not guarantee development as many are controlled by TNCs such as Shell. |

### Mackinder's Heartland Theory

Mackinder's Heartland Theory was influential as it contributed to policies of containment – notably attempts post WWII to contain the spread of communism from the Soviet Union and China. USA is widely recognised as today's superpower so the theory is not relevant today. It also doesn't recognise today's TNCs and their global influence, many of which originate from USA and South-East Asia.

### Colonial Rule

**Imperialism** – a relationship of political, economic or cultural control between geographical areas. For example, the introduction of Christianity to countries.
**Colonialism** – the political rule of a nation by another. For example, the political control of Burma by Britain.
**Colonisation** – the physical settling of people from a colonial power within their colony. For example, English people moving to live and work in India.


**How colonialism worked –** British military personnel, civil servant and entrepreneurs emigrated to India, educated Indians (spoke English and wore European dress) and Indians occupied lower administrative positions. Symbols of imperial power were build to show political power, wealth and prestige e.g. presidential palace in Delhi. Acculturation took place e.g. tea and cricket were introduced. British modernised India with extensive rail networks but a strict social order differentiated the ruling of White British from Indian.

**Importance of the Navy and military –** British Empire was founded n exploration and sea power. The Royal Navy dominated the seas from 1700-1930 which provided a link between the home country and overseas colonies. Navy was a symbol of military power.

**Justification for the empire** – Modernism: The idea that the world can be improved by human intervention and achievement, Europe could improve world by colonising, Europeans were more modern, civilised and superior compared to natives of foreign lands, British were naturally intelligent, British were natural rulers and Britain could and should rule the world. Evangelical Christianity: the spread the Christian word through churches and schools. This led to: A) Belief that natives were racially inferior B) Belief that colonialism was a divine calling. Social Darwinism: "might is right" and strong should survive over the weak.

**Rise and fall of the empire** – Mercantilism was a type of national economic policy which maximised trade, gold and silver in particular. Dominant in 16th, 17th and 18th centuries, promoted governmental regulation of a nation's economy. When colonies were established, mercantile theory gained a new and wider significance.
Britain had overspent on war and was effectively bankrupt after WWI, showing serious signs of economic slowdown. Heavy losses during the war, beaten in Europe and Asia and relied on USSR in Europe and USA in Asia. Many colonies fought for the allies with their own independent armies. One by one after the war most of the colonies became independent. National liberation movements arose.

**The end of the Empire – The Suez Crisis:** Even after the loss of India Britain maintained imperial pretensions. These pretensions were destroyed by Suez. Egypt's new premier Nasser nationalised the Suez Canal. Britain, France and Israel manufactured a crisis so that Britain and France could 'protect' the Canal from fighting between Egypt and Israel.
But the USA did not support Britain and France – who were humiliated and had to withdraw. After Suez Britain played a junior role in support of the USA – it was no longer a world power.

## Bi-polar powers: The Cold War

| Capitalism | Communism |
|---|---|
| Businesses are privately owned | Social objective is equality |
| Social objective is freedom | Businesses belong to the state |
| Workers employed by profit making individuals | Dictatorship – no free elections |
| Free market economy | Workers are employed by the state |
| Democratic with elected leaders | Government planned economy |
| The United States of America | The Union of Soviet Socialist Republics |

Bi-polar world means 2 nations are equally powerful. In the Cold War, it was USA and USSR. Both nations believe themselves to be rightful superpowers and this often leads to tension and conflict.

| Resource | USA | USSR |
|---|---|---|
| Pop. | Population of 287 million in 1989 | Population on 291 million in 1991 |
| Physical | Self-sufficient in most raw materials; oil importer | Self-sufficient in most raw materials; oil exporter |
| Economic system | Capitalist free market economy and global TNCs | Socialist, centrally planned economy; most businesses were state owned |
| Political system | Democracy with free elections held every four years | Single-party state with no free elections (dictatorship) |
| Allies | Western Europe through NATO<br>Strong economic and military ties to Japan and South Korea | Eastern Europe (the Warsaw pact companies) and alliances with Cuba and other developing nations |
| Military power | World's largest navy and most powerful air force, with a 'ring' of bases surrounding the USSR. Large nuclear arsenal and global network of nuclear bases. Extensive global intelligence gathering: CIA | Very large army, and large but often outdated naval and air force capability<br>Nuclear weapons<br>Troops stationed in Eastern Europe<br>Extensive global intelligence gathering through the KGB |
| Cultural influence | Film, radio, television and music industry was a powerful vehicle for conveying a positive view of consumerism, values, democracy and affluence to a global audience | Exported a 'high' culture message focused on ballet, classical music and art in contrast to the 'popular' culture of the USA<br>Strict censorship within the USSR |

**Notable events in the Cold War**: 1950-53 Korean War – led to division into South Korea (backed by USA) and North (backed by China and Russia). The first of many ***proxy wars (a war initiated by a power but the power itself does not get involved)***. 1962 Cuban missile crisis – closest the two sides got to real conflict. 1960s and 70s Vietnam War – USA beaten by Communist forces – huge setback stopped USA using troops abroad for next 20 years. Rebellions by workers in Eastern Europe against soviet rule – 1956 Hungary, 1968 Czechoslovakia

**Why the Soviet Union lost the cold war**: **Size of the economy**. The USSR's economy was about half the size of the USA. The Western European economies of UK, France, Germany etc. dwarfed that of Eastern Europe. **Cold War = arms race**. Competition - post Cuban missile 1962 the USSR resolved to outpace the U.S. in nuclear USA spent 9% of its economy on 'defence'. **Cold War = proxy wars** and supporting your allies. This cost – possibly worthwhile in Cuba but many African states flirted with the USSR – military advisers and aid sapped USSR's budget. **Star Wars** - Early 1980s and USA proposed Strategic Defence Initiative costings hundreds of billions of dollars. It was the weaponisation of outer space - a shield to intercept a Soviet 'first strike'. Would have meant the end of 'deterrence'. But the Soviet's flagging economy couldn't match this escalation in defence spending. **Invasion of Afghanistan** - In 1979, the Soviets invaded and occupied the country. The Truman Doctrine had clearly stipulated that American policy was to contain the spread of communism throughout the world, so the U.S. responded by secretly supporting and training the Mujahedeen, insurgent rebels who rallied against Soviets in Afghanistan.

# Superpowers Enquiry Question 1 - What are superpowers and how have they changed over time?

## Neo-colonialism

**Neo-colonialism is a form of indirect control over developing countries.**
Means 'new' colonialism, where countries remain under control from overseas –even though they are supposedly independent.
It is a form of economic imperialism rather than political.
Direct political control decreased whilst economic control increased

**Exercising power in the post-colonial era:**
**Militarily:** independence was often prefaced with civil unrest and war – Britain fought numerous wars e.g. against communists in Malaysia, the Mau Mau uprising in Kenya, Aden.
**Politically**: the USA attempted to prevent the spread of communism through 'containment' – the US Marshall Plan helped post-war European reconstruction. Communists in the West faced repression.
**Economically**: the IMF and World Bank were set up to provide aid to developing countries. Often however help is tied to 'structural adjustment plans' that involve the adoption of more free market policies.
**Culturally:** western culture continued to spread around the world through film, music and the adoption of the English language as the preeminent world language.

**How is power exerted in the neo-colonial era?**
**Strategic Alliances:** The USA and USSR formed alliances with developing countries to spread their global influence via foreign aid.
**Aid:** Aid can be given with conditions controlling how developing countries spend it.
**TNCs**: FDI (foreign direct investment) creates big profits for TNCs and low wages and little skills for the developing world.
**Terms of Trade:** Developing countries export raw materials and commodities cheaply, but Developed countries sell the manufactured goods made from these exports at a far higher price.
**Global Finance and Debt**: Many Developing nations pay huge sums to the Developed world annually in debt interest, often exceeding aid receipts.
**Structural Adjustment Policies (SAPs):** Countries wishing to have their debt relieved must apply Western Economic Policies devised by the World Bank and the IMF, resulting in a loss of some of their Economic Sovereignty.

**The idea of neo-colonialism comes from a left wing point of view. Critics of this concept point to other factors holding back development;**
1. War and conflict in many African and Asian countries has prevented investment and development – Congo, Vietnam
2. Corruption is endemic in many countries – this means that money meant for investment and development is creamed off by rich elites – e.g. Nigerian President Goodluck Jonathan stands accused of $20billion oil fraud .
3. Many NICs have started to develop – e.g. Asian Tigers, also Gulf states, BRICs etc.

**Do different patterns of power bring more risk?**
Unipolar world dominated by one hyperpower may appear more stable – but can they maintain power everywhere? Could lead to frequent challenges from groups/nations that don't accept the hegemony of the sole power.
Bipolar world could be stable as divided into two opposing blocs. But it depends on diplomatic channels remaining open and control of allies – breakdown of control or diplomacy could lead to disaster e.g. Cuba 1962.
Multipolar world – may increase the risk of conflict as more regional powers. 1910 to 1945 – was multipolar – could argue led to two world wars. The 21st century is seeing the rise of the BRICs and the relative decline of the USA – instability can be seen in Syria with numerous powers involved.

## BRICs: Brazil, Russia India, China, Mexico, Indonesia and Turkey

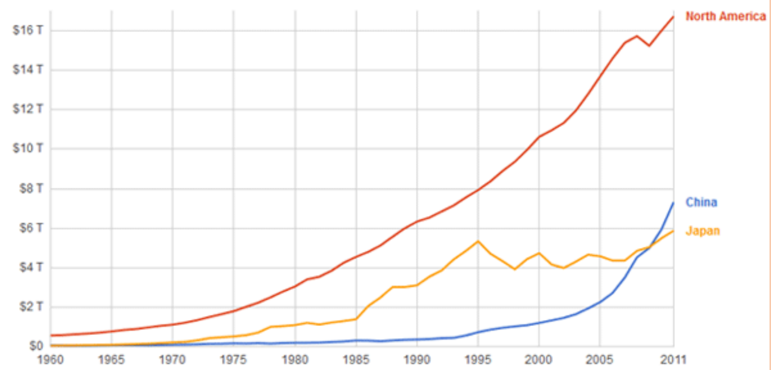
| | Strengths | Weaknesses |
|---|---|---|
| Brazil | Regional leader in Latin America<br>Strong agricultural economy and exporter<br>Energy independent in oil and biofuels<br>Growing middle class and maturing consumer economy<br>Culturally influential with 2012 World Cup and 2016 Olympics | Small military with only a regional intervention capacity<br>Economy suffers from 'boom and bust' phases<br>Needs to control the destruction of its forests<br>Education levels lag behind competitors |
| Russia | A nuclear power with very large military capacity<br>Huge oil and gas reserves are a source of wealth<br>Permanent seat on the UN Security Council | An aging an declining population, which is also unhealthy<br>Extreme levels of inequality<br>Economy is overly dependent on oil and gas<br>Difficult diplomatic and geopolitical relationships with the EU and USA |
| India | A youthful population with large economic potential<br>English is widely spoken and gradate education is widespread<br>Nuclear armed, and has sophisticated space and missile technology | Possible future resource shortages, especially water and energy<br>Poor transport and energy infrastructure<br>Very high levels of poverty<br>Poor political relations with it neighbours, especially Pakistan |
| China | A highly educated, technically innovative population<br>Soon to be the world's largest economy and leads in fields such as renewable energy<br>Military technology and reach is growing, and challenging the USA<br>Modern infrastructure in terms of transport, e.g. high-speed rail | Will soon have problems with an ageing population<br>Major pollution issues I terms of air and water quality<br>Tense relationships with its neighbours in South Eats Asia<br>Rising wages make its economy increasingly high cost for TNCs<br>Relies on imported raw materials<br>Plays a limited geopolitical role; not yet a leader on the global stage |
| Mexico | Part of the North American Free Trade Agreement (NAFTA) trade bloc and as an advanced economy<br>Slowly becoming more democratic and 'open for business' | Crime, often drug related, gives it a poor global image<br>Population is increasing obese, leading to high healthcare costs<br>Many well-educated, skilled workers migrate from Mexico |
| Indonesia | A youthful, potentially dynamic population with economic growth potential<br>Large untapped natural resources | Deforestation is a growing environmental disaster<br>High levels of urban and rural poverty<br>Internal political instability has been a recent problem |
| Turkey | Economy is increasingly integrated with the EU, could become an EU member<br>Member of the NATO military alliance<br>Youthful population with good education levels | Internal political problem with its Kurdish minority<br>External political instability in the Middle East on its borders |

## Japan: a lesson from history

In the 1980s it seemed obvious that Japan was economically destined for superpower status, per capita GDP was higher than the UK and USA and it was a world leader in exporting consumer electronics, ICT, cars and industrial machinery to the rest of the world.
Economics assumed Japan's GDP would continue to grow after the 1990s but actually it has barely grown at all since 1995.

**What happened?**

- A property value bubble burst in 1989-1990, which led to a collapse in the Japanese stick market.
- High interest rates of four to six percent encouraged saving not spending, so the economy slowed.
- Japan's aging population quickly became a problem, slowing the economy further.

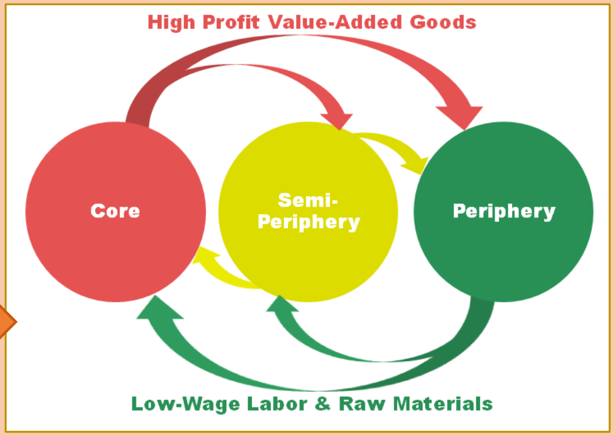


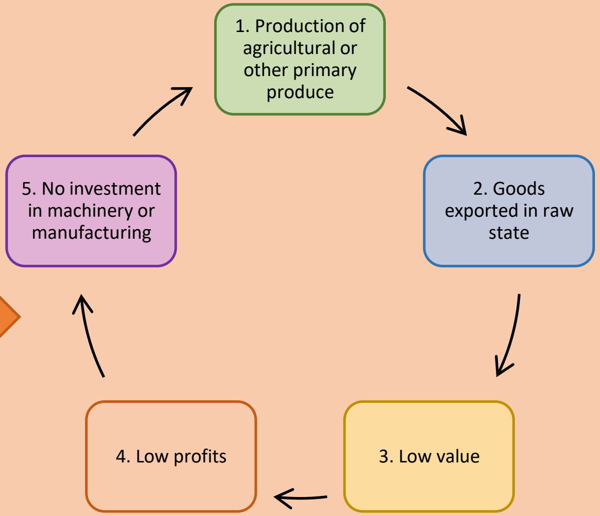

Japan's economic stagnation is shown here form 1995, compare to USA's continual growth (excluding 2008 global financial crisis) and China's later development but rapid GDP increase from 2005.This provides a stark warning for all BRIC nations that growth is fragile.

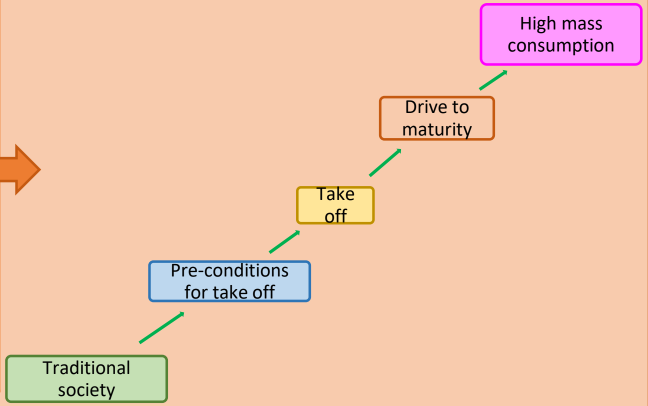
| Enquiry Question 1 Practice Exam Questions |
|---|
| Explain why defence spending is seen as a crucial development of superpower status. (4) |
| Explain how 'soft power' can be used to maintain superpower status. (4) |
| Explain two ways in which nations have maintained power and influence over other countries (4) |
| What features of a country can indicate its superpower status? (4) |
| How power is maintained has changed overtime. Explain how power has been exerted in the past. (12) |
| Using examples explain the extent to which neo-colonialism affects geopolitical stability. (12) |
| To what extent does the development of BRICs cause geopolitical instability. (12) |

## Superpowers Enquiry Question 1 - What are superpowers and how have they changed over time?

| Theory | World Systems theory: how it works |
|---|---|
| World Systems | Wallerstein's 1974 theory about capitalism world systems and the development gap.<br>He identifies the **core** and **periphery** to explain how successful places maintain economic power and how new centres develop.<br>**Core:** The theory claims that core regions drive the world economy, developed as the world's first industrial areas during the 18th century in the UK and 19th century in Europe, North America and Japan. Despite that in 1800, China and India were the world's largest economies.<br>Despite the global shift, the western core now own and consumes 75% of global goods and services but China and India are regaining their former core status.<br>**Periphery:** These areas are the opposite to the core. Distant from the core and lacking capital, they rely on core regions to exploit their raw materials. This largely results from colonialism where trade between colonial rulers and colonies was unequal – core regions imported, processed, added value to, and profited from processing primary materials from peripheral regions.<br>Those same trade patterns persist; the economies of developing countries are typically dominated by exports of primary products and imports of manufactured goods.<br>Cores remain dominant because they own production lines and dictate what is produced and by whom. Investment and decision making therefore remain within the core, maintaining the development gap. |
| Dependency | This theory argues that developing countries remain dependent on wealthier nations and that their reliance – or dependency – on developed economies is the cause of poverty. As with the core and periphery theory, trade patterns involve the exchange of primary exports to developed nations in return for manufactured products. The terms of trade remain stacked against them, since tariffs are added to any processed imports. This imbalance in the terms of trade remains unfavourable to developing countries.<br>In this way, poverty is maintained in developing countries, without the opportunity to process or add value to primary goods. The low profit deters investment, and countries become trapped in a vicious cycle. To develop, countries would have to adopt a virtuous cycle i.e. retain their primary products and invest in processing and manufacturing thus adding value and employment. In dong so, they would face tariff barriers in their markets in Europe, Japan or the USA. |
| Modernisation | Advancing communism in 1940s caused shockwaves in the USA. By the mid-1950s, Soviet money was pouring into India and Southeast Asia; the US feared further communist expansion.<br>Anti-communism dominated US foreign policy until the USSR collapsed in 1991, and promotion of economic development through modernisation theory dominated its overseas investment. The theory took its name from the idea that, to deliver capitalism, modern institutional reform is central e.g. through a structured banking and legal system of currencies and investment loans.<br>The IMF and WB were developed post WWII and focussed on currency stability and a system of development loans.<br>Modernisation theorists believed that capitalism was the fundamental solution to poverty. Without reform, they argued that: poverty would remain a trap or cycle; traditional family values in poorer countries would hold economies back by preventing geographical mobility.<br>Investment in countries bordering China and the USSR could prevent communism from spreading to Japan, India, Singapore, South Korea, Taiwan and the Philippines. All of these countries are now major economies. Modernisation policies remained important when the USSR collapsed; investment and aid became a priority for ex-communist countries. |



# Superpowers Enquiry Question 2 - What are the impacts of superpowers on the global economy, political systems and the physical environment??

| Key term | Definition |
|---|---|
| **Capitalism** | An economic and political system where trade and industry are controlled by private owners for profit, rather than by the state. |
| **Westernisation** | Global spread of western ideas, beliefs and practices. |
| **Culture** | The ideas, customs, beliefs and behaviours of a group of people. |
| **Geostrategy** | Strategy to deal with geopolitical problems. |
| **Free trade** | The exchange of goods and services free from import/export taxes and tariffs or quotas on trade volume |
| **Inter-governmental organisations** | Regional or global organisations whose members are nation states. They uphold treaties and international law, as well as allowing cooperation on issues such as trade, economic policy, human rights, conservation and military operations |
| **Brand value/equity** | The value of a brand measured using market share, customer opinion of the brand and brand loyalty |
| **Sanctions** | These are aimed at forcing a country to negotiate without using military force. They can be diplomatic (e.g. ordering staff at a foreign embassy home), economic (banning trade) or military (e.g. banning trade in weapons). |
| **Middle class** | People with “discretionary income” they can spend on consumer goods, holidays etc. The global middle class is defined as people with an annual income over $10,000. |

## How IGOs function

| | |
|---|---|
| **WEF** | World Economic Forum is a Swiss not-for-profit organisation, working across national borders. WEF promotes public-private co-operation, with its aim ‘to improve the state of the world by bringing together business, political, academic, and leaders of society to shape global, regional, and industrial agendas’. WEF meets annually at Davos and attends other forums around the world. Founded in 1971, it discusses issues of corruption and terrorism together with economic systems and social issues e.g. health. WEF is criticised for undervaluing national governments and focussing on the elite’s global operations. |
| **IMF** | International Monetary Fund was founded in 1944 at Bretton Woods, USA. Its job was to stabilise global currencies after the 1930s depression and the devastation caused by the Second World War. 44 countries joined initially to create a Fund for loans for countries with heavy debts thus helping to stabilise their currencies and economies. Theoretically preventing poverty and communism and promoting capitalism. By 2016, the IMF had 189 members but they are unequal and their individual voting rights are proportional to the amount they have invested. USA have 16.5% of votes and 8 countries control 47% and smaller nations are grouped together to represent smaller states. IMFs work reflects US and European policies, tackling international debt, imposing borrowing conditions and often forcing developing countries to cut spending on health and education and instead, focus on their debt repayment. |
| **WB** | The World Bank was also founded at Bretton Woods in 1944. its role is to finance development and its first loan was to France for post-war reconstruction. WB also focuses on natural disasters and humanitarian emergencies but its main role is to help capitalism function particularly through making loans to developing countries for development projects. WB got a bad reputation in 1970s and 80s for financing projects that were environmentally damaging or so costly that borrowing countries were unable to repay their loans. Now WB aims to eliminate poverty and implement sustainable goals. USA controls 16.5% of WB and 40% of votes are from 8 of the largest contributors. |
| **WTO** | World Trade Organisation focusses on trade and its rules, aiming to free up global trade and reduce trade barriers by negotiating free-trade agreements. 1 country = 1 votes but votes have never been given as decision making is by mutual agreement. WTO currently focussing on poverty reduction by removing farm subsidies to stimulate efficient production. But cheaper imports then undercut local farmers who are forced out of business. WTO has created a global trade explosion since 1950. |

## The role of TNCs

The world’s leading TNCs originate in global superpowers. TNC can either be:

Publicly traded TNCs whose shares are owned by numerous stakeholders (usually other TNCs, banks and large financial institutions such as pension funds) around the world

**OR**

State-owned TNCs that are majority or wholly owned by government.

In many cases state-owned TNCs are large but not well known as their brands are not global

| Publicly-traded | | | State-owned | | |
|---|---|---|---|---|---|
| **Name (country)** | **Revenue in 2014 (US$ billion)** | **Employees** | **Name (country)** | **Revenue in 2014 (US$ billion)** | **Employees** |
| Walmart (USA) | 486 | 2,200,000 | Sinopec (China) | 456 | 358,000 |
| Royal Dutch Shell (UK/ Netherlands) | 421 | 94,000 | China National Petroleum | 428 | 1,640,000 |
| Exxon Mobil (USA) | 394 | 75,000 | Saudi Aramco | 378 | 60,000 |
| BP (UK) | 359 | 84,000 | ICBC (China) | 163 | 462,000 |
| Volkswagen (Germany) | 268 | 592,000 | Petrobras (Brazil) | 143 | 298,000 |

In 2014, the world’s 500 largest companies had US$31.2 trillion in revenues, made US$1.7 trillion in profits and employed 65 million people. In emerging economies, many of the largest TNCs are state-owned – the 12 biggest TNCs in China are state-owned. Their economies of scale mean they can outcompete smaller companies and, in many cases, take them over. Their bank balances and ability to borrow money to invest has allowed them to take advantage of globalisation by investing in new economies.

The move towards free market capitalism and free trade has opened up new markets, allowing them to expand. Many would argue that TNCs have been the main beneficiaries of the post-1990 US dominance of global economic system and the free-trade capitalism economy. TNCs are driven to maximise profit by their shareholders, who benefit from these profits. The managers of TNCs receive very large salaries and bonuses for generating profits, but the shareholders institutions (banks, other TNCs, pension funds) receive even more.

A key criticism of TNCs as a driver of globalisation is their pursuit of shareholder profit above all else. There has been a dramatic shift in the origin of the world’s largest companies since 2005, reflecting the rise of the emerging powers

| 2015 rank | TNC (Country) | Sector | Brand value ($m) |
|---|---|---|---|
| 1 | Apple (USA) | Technology | 170,276 |
| 2 | Google (USA) | Technology | 120,314 |
| 3 | Coca-Cola (USA) | Beverages | 78,423 |
| 4 | Microsoft (USA) | Technology | 67,670 |
| 5 | IBM (USA) | Business services | 65,095 |

TNCs bring influence to the countries they originate from. More important than the size of the company is its cultural impact on global consumers. Newsfeeds, films, music and TV are dominated by global media brands, most of which are from the USA. This gives the USA the ability to constantly reinforce its cultural message and values – often in a very subtle, unseen way that fits the concept of Hegemony.

## Innovation and Patents

An often overlooked aspect of the role of the TNCs is the invention of new technology and the development of new products and brands. TNCs and governments invest huge sums in Research and Development (R&D) to develop new products.

Intellectual property law protects these new developments in the form of:

- Patents, for new inventions, technologies and systems
- Copyright for artistic works, such as music, books and artworks
- Trademarks to protect design, such as logos.
- Any person wanting to use a company has to pay a royalty fee to the inventor or designer. Globally over 85% of all royalty payments go to the USA, EU and Japan.

The domination of global royalties reflects the fact that:

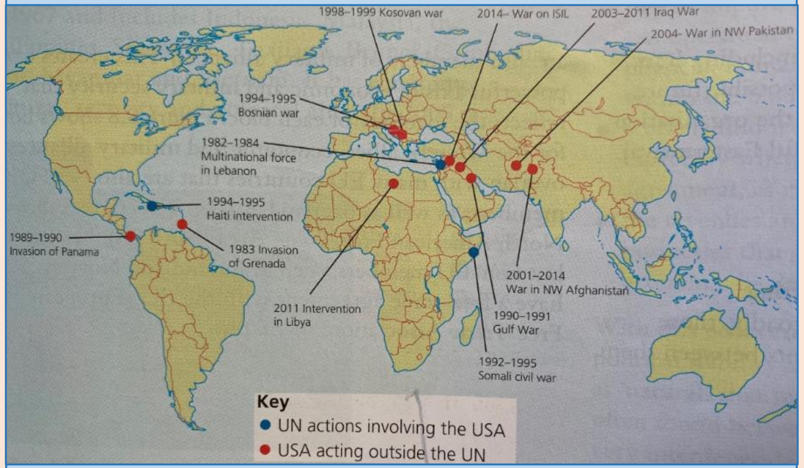
- Existing superpowers and developed countries are paid for inventions and artistic works they created decades ago.
- Developed world TNCs are in the best position to invest in R&D, so patent holders tend to be new patent developers.
- Educations levels are higher in already developed countries, as are skill levels.
- Westernisation and cultural globalisation tend to spread US and European music, film and TV (copyright) and brands (trademarks).

Of course, emerging superpowers and developing countries continually pay these royalties, representing a cost to them but a benefit to the USA and EU. In the last 20 years, China has begun to develop many more patents. In 2012 Chinese innovators applied for 652,000 new patents versus only 542,000 in the USA. However, there are question marks over Chinese patent applications in terms of both quality and the extent to which they can generate royalty revenue in the future for Chinese companies.

## The USA as Global Police

The USA has intervened militarily in foreign countries many times over the last 40 years. It has done this through:

- Being a member of the UN Security Council
- Together with allied countries as a coalition, but outside a UN remit
- Unilaterally, that is, with no support from other countries



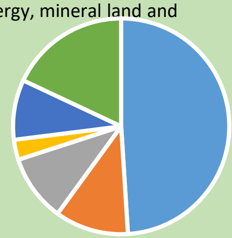

Since 1980, in many cases, the UK and/or France have also been involved but very rarely China or Russia. This reflects the trend that USA and European countries tend to have similar geopolitical concerns and goals that are not shared by Russia or China.

**Superpowers Enquiry Question 2 - What are the impacts of superpowers on the global economy, political systems and the physical environment??**

| IGO Key Facts | Role | Superpower status and alliance today |
|---|---|---|
| NATO (Military): Belgium, Bulgaria, Canada, Czech Republic, Denmark, Estonia, France, Germany, Greece, Hungary, Iceland, Italy, Latvia, Lithuania, Luxemburg, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Turkey, United Kingdom, United states.<br>Created on 4th April 2004. Originally started with 22 countries but in 2004 7 countries joined. | Key role in modern wars and political unrest, all support each other. Promote democratic values and enable members to consult and cooperate on defence and security-related issues to solve problems, build trust and, in the long run, prevent conflict. Committed to the principle that an attack against one of its members is considered as an attack against all. This is the principle of collective defence, which is enshrined in Article 5 of the Washington Treaty. | NATO carries out its role by supplying each other in this treaty with weapons, soldiers, and vehicles in their efforts in wars and civil wars without directly intervening. This is part of the treaty so member states have a sense of security and protection. NATO has also helped with fighting terrorism and managing international crisis by contributing more than 13,000 NATO troops to help Afghanistan forces and is a part of the global coalition to defeat ISIS. Furthermore, NATO has stopped bloodshed in Bosnia and Kosovo since 2003. |
| ANZUS (Military): Australia, New Zealand and the United States. Established in 1951. Collective non-binding agreement between members to co-operate in violent matters in the Pacific Ocean. The whole act was made during the cold war to respond to the threat of Communism. | They are a Military Alliance that's aim is to have Collective Security.<br>In addition, their aim is to try and denuclearise the countries involved as nuclear war was a massive issue at the time of the alliance's formation in the cold war. | Sustain superpower status between members by allowing them to trade: military weapons and tactics and knowledge; scientific research; ease of access. Members partake in military exercises together like in 2012 the New Zealand's navy took part in the RIMPAC maritime exercises alongside the US. No known nuclear weapons in the Pacific Ocean. However, in 1985 New Zealand was removed from the group as they were involved in transporting nukes across the Pacific Rim. They were reinstated in 2012 as relationships were patched up. |
| EU (Economic): Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the UK. Today the EU has 28 member states with a total population of more than 500 million. The European Union grew out of a desire for peace in a war-torn and divided continent. Five years after WWII, France and Germany came up with a plan for peace so they created a deal for 6 nations to pool their coal and steel resources in 1950. The UK joined in 1973. | Part permanent administration, part political body, the Commission is the EU's largest institution. It is also the institution most frequently identified with the EU and often used as shorthand for the whole EU system. The Commission plays a key role in the EU. It drafts policy proposals, which are then debated, amended, rejected or agreed jointly by member governments in the Council of the European Union and Members of the European Parliament. It oversees the implementation of policy in the member states and makes sure that EU policies are enforced. It manages policy and the EU budget, and in the case of competition policy takes decisions. | The EU helped countries like the UK financially. Countries could trade with each other for resources under the EU and better the way of life in their own countries. This in turn improved the economy of countries and made them become more powerful as a nation. The EU is seen as a superpower because the EU's large population, large economy (the EU has the largest economy in the world), low inflation rates, the unpopularity and perceived failure of US foreign policy in recent years, and certain EU member states' high quality of life shows that it could be an emerging superpower. Brussels in Belgium is considered the de facto capital of the European Union, having a long history of hosting the institutions of the European Union within its European Quarter. Brussels hosts the official seats of the European Commission, Council of the European Union, and European Council, as well as a seat of the European Parliament. One of the biggest cases that happened recently that showed the EU carrying out its role is BREXIT. |
| NAFTA (Economic): US, Mexico and Canada. Began on January 1st 1994 after an agreement between member states to support each other. | Role in granting the "most favoured nation" status to all co-signers. That means countries must give all parties equal treatment. NAFTA eliminates tariffs on imports and exports between members. Exporters must get "certificates of origin" to waive tariffs so the export must originate in a member state. | NAFTA also establish procedures to resolve trade disputes. In order to do this, they either facilitate an informal resolution between the parties or failing that they establish a panel to review the dispute. They also make sure that all countries respect patents, trademarks and copyrights so that intellectual property doesn't interfere with trade. Finally, their agreement allows "business travellers easy access" throughout all three countries. |
| ASEAN (Economic): Laos, Myanmar, Thailand, Singapore, Vietnam, Cambodia, Malaysia, Brunei, Philippines, Indonesia. In August 1967, five leaders –Indonesia, Malaysia, the Philippines, Singapore and Thailand – gathered in Thailand to sign a document which declared the establishment of an Association for Regional Cooperation among the Countries of Southeast Asia to be known as ASEAN. Promotes economic, political, and security cooperation among its ten members. These aims and purposes were about cooperation in the economic, social, cultural, technical, educational and other fields, and in the promotion of regional peace and stability through abiding respect for justice and the rule of law and adherence to the principles of the United Nations Charter. | There are 6 fundamental principles that members adhere to: mutual respect for the independence, sovereignty, equality, territorial integrity and national identity of all nations. The right of every state to lead its national existence free from external interference, subversion or coercion. Non-interference in the internal affairs of one another. Settlement of differences or disputes by peaceful manner. Renunciation of the threat or use of force. Effective cooperation among themselves. The ASEAN Community is comprised of three pillars, the Political-Security Community, Economic Community and Socio-Cultural Community. ASEAN commands far greater influence on Asia-Pacific trade, political, and security issues than its members could achieve individually. This has driven ASEAN's community building efforts. | ASEAN has become an essential block and platform for South East Asia. With the exception of Indonesia, most ASEAN nations are relatively small and all of the nation's lack the ability to challenge the United States, Japan or China. ASEAN offers the countries the potential to be regional superpowers. ASEAN also promotes peace and stability in the region, signing a treaty pledging to not have nuclear weapons, and most have agreed to a counter-terrorism pact which includes sharing intelligence and easing the extradition process of terror suspects. It has negotiated a free trade agreement among member states and with other countries such as China, as well as eased travel in the region for citizens of member countries. The ASEAN alliance funded the opening of the Coordinating Centre for Humanitarian Assistance on disaster management. This offers countries additional help and advice on dealing with natural disasters, such as earthquakes. ASEAN also plays a major role in the combat of terrorism globally, working with countries including Australia and Germany to minimise the global threat. Although ASEAN is hugely important for its members, its affect rarely extends this region of influence. Also, because most of the members are relatively small, their influence doesn't challenge the large superpowers such as the USA, hence ASEAN has little input on global issues. |
| IPCC (Environmental): The Intergovernmental Panel on Climate Change An IGO from the UN, dedicated to providing the world with an objective, scientific view of climate change, its natural, political and economic impacts and risks, and possible response options. Founder: Bert Bolin Founded : 1988. Head: Hoesung Lee. Headquarters location: Geneva, Switzerland. Parent organisations: World Meteorological Organization, United Nations Environment Programme. | The IPCC provides policy makers with regular scientific assessments on climate change, its implications and potential future risks as well as to put forward adaptation and mitigation options. Created by the UN Environment Programme and the World Metrological Organization (WMO) in 1988, the IPCC has 195 Member countries. Global Warming of 1.5 degrees: This is an IPCC special report on the impacts of global warming of 1.5 °C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty. | The IPCC is a key element of superpower status as it proves how major worldly powers of 195 members, including the rising powers such as south Africa, among the poor nations and developed countries. This shows cooperation of superpowers and other nations to tackle climate change. IPCC have ongoing reports to maintain an urgency in the fragility of the environment and how it needs to be saved, such as the United Nations Framework Convention on Climate Change UNFCCC. The IPCC also aided in the run up to the Paris Agreement in 2015 through their contribution of scientific reports to add evidence to the cause. Due to the nature of what the IPCC target, Superpowers do not wish to oblige fully as it hinders their superiority. Specifically, Donald Trump chose to step out of the Paris agreement as he holds strong financial links to oil companies therefore he did not wish to join this shift away from tarnishing the environment to gain economically. This results in hindrance In superpower status as such superpowers (US and Russia) are isolated in their own power, not wishing to work in unity to save the environment which is where the IPCC falls down. |
| UN (Political): 15 members, 5 permanent: China, France, Russia, UK and US; and 10 non-permanent members elected for two year terms by the General assembly. Established on 24th October 1945 after WWII to prevent another such conflict. In 1945, at its founding, there were 51 member states and now there are 193. They make voluntary contributions which funds the UN. HQ in Manhattan, NYC.. | More than 60 United nations Member States have never been Members of the Security Council. According to the UN Charter, the UN has four purposes: to maintain international peace and security; to develop friendly relations among nations; to co-operate international problems and in promoting respect for human rights; and to be a centre for harmonising the actions of nations. | UN maintains power due to worldwide influence and recognition. No military but acts through sanctions. UN peacekeeping forces made up of units and equipment volunteered from member nations. Frequent world-threatening crisis that demands a unified multi-national force under UN command that results in the UN becoming far stronger. When dealing with disputes, the UN may: issue ceasefire directives that can help prevent an escalation of the conflict; dispatch military observers or a peacekeeping force to help reduce tensions, separate opposing forces and establish a calm in which peaceful settlements may be sought. Beyond this, the Council may opt for enforcement measures, including: economic sanctions, arms embargoes, financial penalties and restrictions, and travel bans; severance of diplomatic relations; blockade; or even collective military action. |

## Superpowers and the environment

Superpowers have very large resource footprints. Maintaining a large economy, a military machine with global reach and a wealthy population requires energy, mineral land and water resources. China is responsible for 49% of global coal Consumption but has 19% of global population. Coal has fuelled China's industrialisation since 1990 so has fuelled its status.




The high resource consumption of superpowers and emerging powers generates a range of environmental issues:

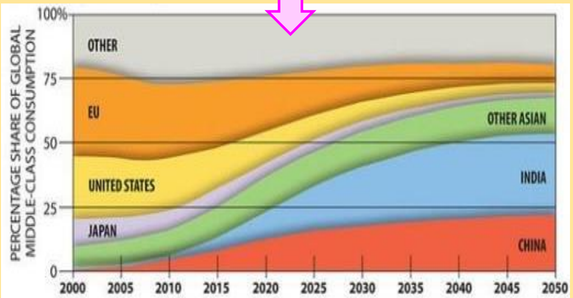
1. Urban air quality is low in NIC cities due to coal-burning power stations. This has major health implications, air quality in Beijing, Shanghai, Delhi ad Mumbai regularly exceed WHO safe limits.
2. Demand for fossil fuel, mineral and food imports and manufactured goods exports accounts for most of the world's CO2 emissions from shipping.
3. Deforestation and land degradation are issues in some emerging powers as they seek to convert more land into farmland, continue to urbanise increase demand or water and increase the use of chemicals in farming to increase yields.

## What are countries doing to aid the environment?

| | |
|---|---|
| China | Signed the Paris Agreement, targets are: Peak $CO_2$ emissions by 2030, or earlier if possible; Increase the share of non-fossil energy sources in the total primary energy supply to around 20% by 2030; Lower the carbon intensity of GDP by 60% to 65% below 2005 levels by 2030; Increase the forest stock volume by around 4.5 billion cubic metres, compared to 2005 levels. Increase the share of natural gas in the total primary energy supply to around 10% by 2020; Proposed reductions in the production of HCFC22 (35% below 2010 levels by 2020 and 67.5% by 2025) and "controlling" HFC23 production by 2020. |
| USA | The US set a target of reducing its emissions by 26%–28% below 2005 levels by 2025, including land-use, land-use change and forestry (LULUCF). Although the Trump Administration has formally communicated its intent to withdraw from the Paris Agreement and stop implementing this, the target legally remains in place until 4 November 2020, one day after the 2020 US Presidential Elections. This notification goes against a May 2019 resolution of the US House of Representatives to keep the US in the Paris Agreement, the first major legislation on climate change in nearly ten years to win congressional approval however the resolution was not adopted in the Senate. |
| EU | All EU member states have signed the Paris agreement. The EU also has its own emission reduction framework. Key targets for 2030: at least 40% cuts in greenhouse gas emissions (from 1990 levels); at least 32% share for renewable energy; at least 32.5% improvement in energy efficiency. This will enable the EU to move towards a climate-neutral economy and implement its commitments under the Paris Agreement. As part of the European Green Deal, the Commission aims to propose raising the EU target to at least 50% and towards 55% in a responsible way. |
| Russia | On 31 March 2015, the Russian Federation submitted its 2030 Intended Contribution, proposing to reduce emissions 25% to 30% below 1990 levels by 2030. The Russian government officially signed the Paris Agreement on 22 April 2016, and formally accepted the agreement in October 2019, three and a half years later. |

## The global middle class

Middle class: globally, the middle class are defined as people with discretionary incomes. They spend this on consumer goods and luxuries such as holidays. Typically, a middle class income is defined as $10,000. A significant future concern related to the growth of BRICs is the rising affluence and increase of middle-class consumers. The global middle-class is expected to increase from 2 billion today to 5 billion by 2030. The Asia Pacific region could increase from 600 million to 3 billion by 2030. This could be through natural increase but mainly through people being lifted out of poverty and being middle-class.

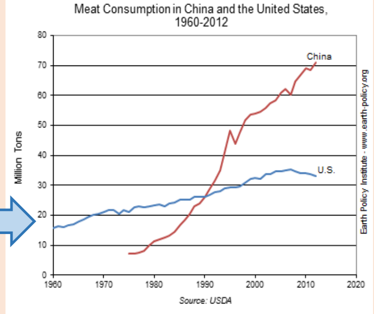

Middle class consumer spending

Inner circle: 2009 data in trillions of US$

Outer circle: 2030 data predictions in trillions of US$


Middle-class consumption has wide range of implications. By 2030, the average Chinese consumer has a similar income to a consumer in EU or USA which would mean:

- 1 billion cars on China's roads (more than 900 million in the whole world in 2015),
- 1350 million tonnes of cereals consumed each year, or two-thirds of global production in 2015,
- 180 million tonnes of meat consumed each year, or 80% of global production in 2015,
- Coal consumption in China would exceed global consumption in 2015.




### Food implications

Pressure on food supply in emerging powers will result from the nutrition transition and demands for new food types

Land once used for staple food grains will be converted to produce meat and dairy products

Without new land prices could rise, squeezing the poorest

### Water implications

Some emerging powers already have water supply problems notably India

India's situation is likely to be critical y 2030, with 60% of areas facing water scarcity

Water supply in China Indonesia and Nigeria could be problematic by 2030 especially in urban areas

### Energy implications

Global oil demand was about 95 million barrels per day in 2015

By 2030 this is likely to rise along with coal and gas demand, perhaps 30%

Meeting this demand may lead to price rises and/or supply shortages

Countries with their own domestic supplies (Russia Brazil) are likely to be in a stronger position than those relying on imports (India)

### Resource implications

Demand for rare earth minerals used in LCD screens and numerous other hi-tech gadgets - could increase prices

The demand for lithium-based batteries is very high and could be hard to meet in the future

Even more basic materials, such as copper, tin and platinum, are at risk of supply shortages and dramatic price changes

### Enquiry Question 2 Practice Exam Questions

What is the IMF and how does it help countries develop? (4)

How do TNCs contribute to the superpower status on a nation? (4)

Evaluate the opinion that, 'IGOs are not the most important factor for country to gain superpower status'. (12)

Assess the extent to which global concerns about the physical environment can be disproportionately influenced by superpower actions. (12)

Using Figure 4 (similar to information here) and your own knowledge, suggest the impact on people and the environment of the growth in middle-class numbers and spending. (12)

| Key term | Definition |
|---|---|
| Spheres of influence | The global extent of a country or organisation's power. |
| Interdependence | The dependence of two or more nations or organisations on each other |
| Economic restructuring | Shifting from an economy based on one sector, e.g. primary or secondary, to an economy based on another sector, e.g. secondary or tertiary. |
| Exclusive economic zone (EEZ) | The area of ocean extending 200 nautical miles beyond the coastline, over which a nation controls the sea and sub-sea resources |
| Arab Spring | A series of pro-democracy, pro-human rights civil uprisings in 2011 that affected Syria, Tunisia, Libya, Egypt, Bahrain and Iran. Some governments were overthrown but, in most cases, protracted instability followed the uprisings |
| Islamic State | A jihadist terrorist organisation that rose to prominence in 2013 during the Syrian civil war, occupying parts of the Middle East and carrying out terrorist attacks worldwide |

### How are tensions created? - Intellectual property and counterfeit goods

Globalisation of technology since the 1990s and rapid breakthroughs have increased the importance of intellectual property. NIC's development has created new markets for counterfeit goods, one of the most prevalent ways to violate international property rights. Some commentators have argued that these countries have a weak ability to protect intellectual property rights, and little or no interest in doing so. An estimated 5–10% of world trade is in counterfeit goods.

A global system of IP has been run since 1967 by the World Intellectual Property Organisation (WIPO), which is part of the UN. It ensures TNCs, individuals and government agencies can protect new inventions, trademarks, artistic works and trade secrets from use by others. This is important because:

- Without IP, innovations and ideas can be stolen and used by others.
- This would be a huge disincentive to innovate and invent.
- The costs of developing new medicines or communication technologies could not be recouped through selling products if others could simply copy the idea.

On the other hand, IP has been criticised:

- IP require users of a product to pay royalties (fees) to the inventor, which is a cost to developing countries.
- IP holders do not have a duty to make a new invention available; in theory, at least, they could prevent a new medicine being made.
- The system can create a monopoly where a patent holder can charge what they like for a new product, denying it to some people on the basis of price.

Chinese companies are well known for infringing IP producing counterfeit products. Fake Apple products are also common: 22 fake Apple stores were found in China in 2011. In 2013 the UN estimated that 70% of all of the world's counterfeit goods originate in China.

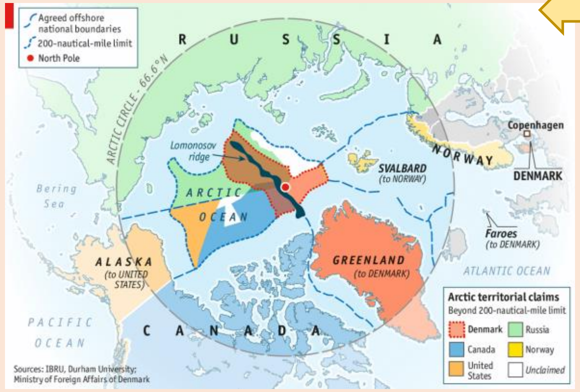
- TNCs may be reluctant to invest in China, knowing that their profits are likely to be reduced by counterfeiting.
- Lack of action by the Chinese authorities on IP issues suggests its government is less likely to co-operate on issues of international law.
- The possibility of trade agreements being made is limited if one side believes the other will not 'play by the rules'.

## Superpowers Enquiry Question 3 - What spheres of influence are contested by superpowers and what are the implications of this?

### Tensions - Spheres of influence

A sphere of influence, in international politics, is the claim by a state to exclusive or predominant control over a foreign area or territory. The term may refer to a political claim to exclusive control, which other nations may or may not recognize as a matter of fact, or it may refer to a legal agreement by which another state or states pledge themselves to refrain from interference within the sphere of influence.

Spheres of influence have changed significantly over time. During the British Empire, the largest sphere was obviously Britain. During the Cold War, the USA and Russia both had larger spheres of influence. Today, the USA reigns supreme through their cultural influence on
the world through TNCs, media, TV and film among many other things.


### Tensions – Arctic oil and gas

90-100 million barrels of oil are in the Arctic. This creates tensions as different nations claim and try to carve up the Arctic for resources. In particular, whether or not the Lomonosov Ridge is an extension of Russia's continental shelf.

- Russia, USA and EU are all involved and all have nuclear weapons.
- 2007, Russia used a submarine to place a Russian flag on the seabed at the North Pole.
- Since then, number of 'scientific' expeditions to the Arctic have increased because countries want a greater presence in the area.
- Russia and Canada have created dedicated 'Arctic Forces' to protect their interests.

Global warming will increase tensions as the Arctic becomes more accessible to ship resources. Oil reserves elsewhere are running out so more pressure on using Arctic resources.

### Tensions – Russia's western border

Following the 1991 collapse of communism and the independence of former Soviet republics, several newly independent countries have shown interest in joining the EU, suggesting Russia has lost its sphere of influence. Tensions between Russia and Western Europe have the following impacts:

- EU and US economic sanctions following 2014 Ukraine/Crimea crisis have isolated Russia economically, but also affected EU exporters wo can no longer sell to Russia.
- The open conflict in Crimea, eastern Ukraine and Georgia led to the forced displacement of tens of thousands of people as well as hundreds of deaths.
- NATO deployed additional air and ground forces to its eastern border in Estonia, Lithuania, Latvia,, Poland, Romania and Bulgaria.
- Speculation of a new Cold War between Russia and Western allies has increased since 2008.


### Tensions – South and East China seas

The 'Island Chain Strategy' is a way China is trying to show its sphere of influence. China is actively pursuing islands in the South and East China seas and seeks to control the ocean from the coast to the First Island chain shown below.

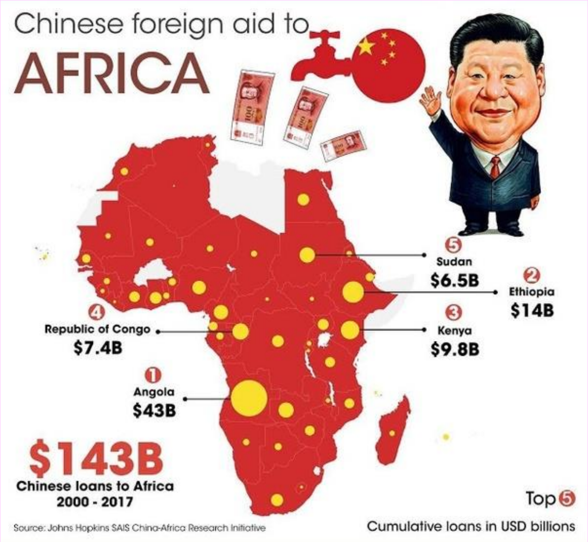

However, the majority of the rocks, islands and areas of the continental shelf are disputed so tensions are created. USA are close allies to Japan so there is a strong US military presence in the area with South Korea and the Philippines. The islands harbour oil and gas reserves so are economically important. China's more recent strategy is to occupy deserted islands and build artificial islands (below).

- In 2014, China began constructing an airport n reclaimed land on Fiery Cross Reef.
- In 2015, China began the construction of port and possibly an airport in Mischief Reef.
- In 2015, Subi Reef appeared to be being developed into a Chinese military base.
- April 2020, with the Covid-19 pandemic mostly contained in China and now wreaking havoc on the United States, security analysts are closely watching Beijing's military moves in the hotly contested South China Sea.
- In recent days, China has conducted military drills and deployed large-scale military assets to the maritime area while at the same time officially celebrating strides made in exploiting disputed energy resources in the fossil fuel-rich sea.

## Tensions – Asia and Africa

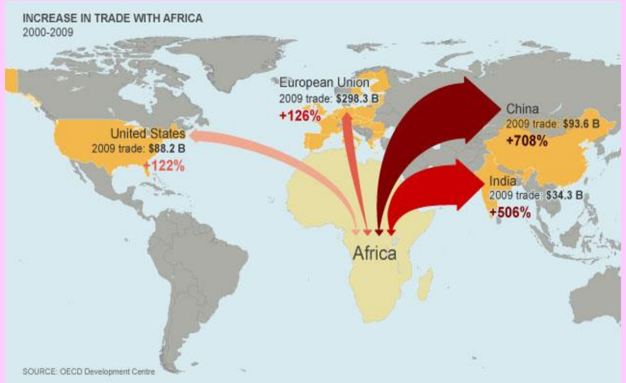
China has invested large amounts of foreign aid in Africa:

- China pledges $60bn of assistance and loans for Africa to help with the development of the continent - 4 December 2015
- Kenya Just Opened a $4 Billion Chinese-Built Railway, its Largest Infrastructure Project in 50 Years – 31 May 2017




Critics believe China's interest in Africa is based on the benefits they receive from the raw materials and resources that can now be shipped to China via the new infrastructure. This is called neo-colonialism.

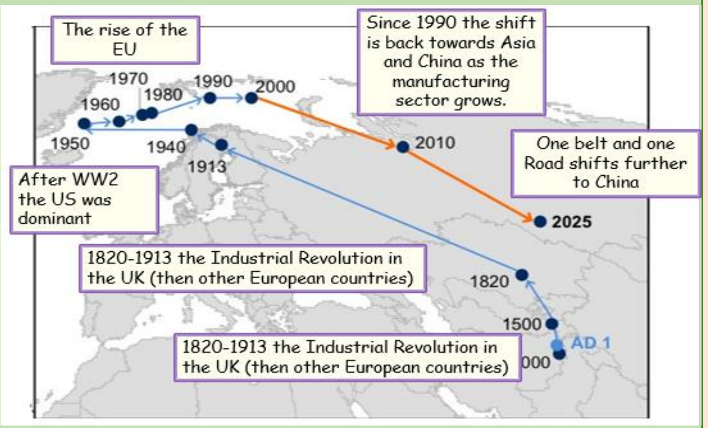
*Neo-Colonial: The indirect actions by which developed countries exercise a degree of control over the development of their former colonies. This can be achieved through varied means including conditions attached to aid and loans, cultural influence and military or economic support (either overt or covert) in particular.*




## Power shifting to China – Tensions created

**Taiwan**

In 1949, the ending of the Chinese civil war resulted in the establishment of the communist People's Republic of China on the mainland. The opposing government of the Republic of China retreated to Chinese island province of Taiwan, with Taipei as its capital. Since that time, relations between the two governments have been tense, and no peace treaty has ever been signed. Each government claims to be China's legitimate government, and the communist Chinese government maintains its territorial claim to Taiwan as a Chinese province.




**Japan**

Tensions between China and Japan are historic, although they've improved in the 21st century and the two countries now trade extensively. Relations were weak since the mid-nineteenth century, and worsened when US troops were stationed in Japan after WWII, during Chinese civil war. Heavy investment by the USA into Japan to aid its post-war recovery (like the European Marshall Plan) increased tensions, as Japan adopted a capitalist, westernised economic recovery.

**Tibet**

Within Tibet and beyond, among its diaspora (people living without a home territory) are those seeking the political separation of Tibet from China. Beijing's communist government is atheist, and is accused by those seeking separation of suppressing Tibetan religion, culture and freedom of expression. Beijing refuses to acknowledge the Dalai Lama, Tibet's traditional spiritual and political leader. In recent years, China has raised tensions by encouraging ethnic Chinese migrants to move to Tibet; building a high-speed rail link between Lhasa and Qinghai; and investing in Tibetan industry.

**India**

Relations between India and China have been tense, based on historical border disputes between them. Both countries maintain a military presence along their Himalayan borders. China is concerned about India's military interest in the South China Sea and India is also suspicious of China's good relationship with Pakistan due to the contested territory of Kashmir which has led to several wars between India and Pakistan and both countries developing nuclear weapons. Tense relations also exist between Bangladesh and India over the extraction of water from the River Ganges.

**One Belt One Road Strategy**


Developed in 2013, a strategy to connect China, Eurasia and Africa was created by the Chinese government. 'One Belt' referred to building infrastructure from Russia and Mongolia, through central Asia, to Western Europe. 'One Road' referred to infrastructure extending influence into Southeast Asia and India, then to the Middle East and East Africa. The aim for this was to form a cohesive economic area to increase trade and enhance cultural exchanges. It would place China firmly on the world stage, not just the most powerful country in Asia. China plans significant investment including US$46 billion in Pakistan alone.

## Tensions – Middle East

| | |
|---|---|
| **Religion**<br>Most of the region is Muslim, but Sunni (Saudi Arabia, United Arab Emirates) and Shia (Iran) sects are in conflict with each other, both within and between countries. | **Governance**<br>Most of the countries are relatively new states, at least in their current form; democracy is either weak or non-existent; religious and ethnic allegiances are often stronger than national identity ones. |
| **Oil & gas**<br>65% of the world's crude oil exports originate in the region; the oil and gas reserves have long been a prize worth fighting over. | **Resources**<br>Although rich in fossil fuels, the region is short of water and farmland, meaning territorial conflict over resources is more likely. |
| **Youth**<br>Many countries have young populations with high unemployment and relatively low education levels: the potential for young adults to become disaffected is high | **History**<br>Many international borders in the region are arbitrary; they were drawn on a map by colonial powers and do not reflect the actual geography of religious or cultural groups. |


**How has conflict been created in the Middle East?**

- A broad alliance between USA, Israel and some EU member states and their Middle Eastern allies set against a loose alliance of ran Russia, China and Syria. The alliances range from overt military support, such as US support for Israel, to suspected supply of arms to Iran by China through illicit channels.
- A refugee crisis caused by IS n Syria and Iraq, and the Syrian civil war, which has forced up to 2 million Syrians to flee and put huge strain on neighbouring Jordan Lebanon and Turkey, which have accepted these refugees.
- Destabilising terrorist groups including al-Qaeda in the Arabian Peninsula, IS in Syria and Iraq and the Taliban in Afghanistan.
- The on-going Israel-Palestine conflict: the USA has traditionally supported Israel with military and economic aid while some Middle Eastern countries, such as Iran, are openly hostile towards the Jewish state of Israel and actively support Palestinian military groups.

# Superpowers Enquiry Question 2 - What are the impacts of superpowers on the global economy, political systems and the physical environment??

### Superpower Challenges

**Economic restructuring:** The way in which a country generates the majority of economy for example, UK closing mines after  Conservative election in 1979 causing the Global Shift.
**Unemployment:** UK's traditional mining and manufacturing towns in the Midlands and the North experienced unemployment as coalmine workers fell from 240,000 in 1980 to 13,000 by 1995. USA's rust belt and North Eastern France saw similar trends. Tertiary and Quaternary employment has grown in New York and Los Angeles but traditional manufacturing cities have continued to decline.
**Social costs:** Social cohesion was lost in industrial regions (portrayed in films such as Full Monty and Billy Elliott) particularly in northern UK cities where men lost full-time work and faced mental health problems such as depression. This led to migration, particularly to London and the South East.
**Debt:** Maintain superpower status comes at high financial cost, US military spending is a clear example of this. Key powers expenditure in 2016:


**2007 Global Financial Crisis:** Largely arose from US and European mortgage-lending markets. Traditionally, funding for mortgages came fro savers' invested money, which would then be lent to borrowers by the bank or building society. Interest paid by the borrowers on the mortgage loans would then be used to pay interest to savers and provide the mortgage leaner with a profit. Mortgages are often loaned for 25 years, during this time the mortgage lender holds the legal deeds of the property as security for payments so this counts as the bank's asset. If the borrower fails to repay the loan, the property could be seized by the lender. However, debt is also an asset. Including interest, a mortgage of £100,000 can actually cost £200,000 over 25 years and can be sold as an asset. By selling on a new mortgage of £100,000 for £120,000, a lender can make a quick profit – and the debt purchaser will still collect £80,000 profit over 25 years. Selling debt raises more capital, which can then be lent to others  creating an upward spiral. The main cause of the 2007 financial crisis was subprime lending by US banks to low-income earners with insecure jobs, who could never normally afford mortgages. Sub-prime mortgages were a risk; would they be repaid? The solution was to sell these risky mortgages, packaged and 'hidden' inside other more secure mortgages that were approved for higher income earners. However, when the property bubble eventually burst, almost every global bank was affected, because the globalised nature of banking meant that even banks who had not lent sub-prime mortgages had bought debt packages from those who did.
**Impacts:** The US government chose to react to the crisis by increasing national debt to maintain consumer pending and an economic multiplier effect. However, right winged political parties in UK and Germany favoured austerity to reduce government spending and debt. Austerity created increased unemployment, as government spending was cut, which led to social tensions and divisions and bankers became hate figures. Elsewhere is the EU, such as Greece,  a government debt crisis led to high unemployment, which led to increased hate crimes against immigrants. Support for anti-immigration policies from far-right political parties, like Golden Dawn, increased tensions.

| | EU | USA |
|---|---|---|
| Economic | Debt in the Eurozone amounted to €9.7 trillion in 2016 and £1.6 trillion in the UK, in both cases about 90% of annual GDP; debt is a drag on economic growth. EU unemployment was close to 10% in 2016, representing a cost to taxpayers and underused economic capacity | National debt in the USA in 2016 was US$19 trillion, but the US dollar's status as the global currency of choice makes it less vulnerable to economic shocks. The USA has many large, innovative global TNCs, for example Apple, Google, Facebook and Cisco. |
| Demographic | The EU is ageing fast; by 2025 20% of EU citizens will be over 65. The EU's workforce will drop by 14% by 23, which will place an increasing burden on those in work to fund pensions, healthcare and care homes. After 2035, the EU's population is likely to be falling. | The USA is ageing less fast than the EU and social costs (pensions, healthcare) tend to be bone by individuals rather than the government. The total population will keep growing from 324million in 2016 to 415million in 2060. |
| Political | The EU's 28 nations do not have the same political views. Tensions between countries wanting deeper union (France and Germany) and those wanting less (UK) have grown (leading to Brexit). Relationships with Russia are strained and immigration is an increasingly divisive issue. | Race relations in parts of the USA are strained and, at a national level, there is often political deadlock between Democrats and Republicans. However, the US values are fairly universal and these are projected to a global audience. |
| Resources | Energy security is a key EU issue, as it relies on imported oil and gas, some od which comes from Russia. | The USA is increasingly energy secure as a result of oil and gas fracking. Water insecurity is an increasing problem in the southwest. |
| Social | Youth unemployment in the EU was 22% in 2015, and over 45% in Greece and Spain. Long-term youth unemployment risks a 'lost generation' of young people, as well as political disaffection. | Health spending swallows 17% of the USA's annual GDP and is huge cost to families and government. 74% of adult Americans are overweight (30% are obese), adding significantly to healthcare costs. |

### Superpower Future

**Stability:** Arguably the 'regional mosaic' structure is inherently unstable as broadly equal powerful countries make complex and competing alliances with no country acting as 'global police'. A 'new Cold War' could lead to a period of tense stability.
**Resources:** The 'Asian century' scenario would see strong economic and population growth in Asia, but continued demand for resources in the old West. An expanding Asian middle class is likely to lead to a 35% increase in demand for food, a 40% increase in demand for water and a 50% increase in demand for energy by 2030 – risking shortages and unrest and/or conflict over remaining resources.
**Military:** A new arms race is a possible outcome of the new Cold War scenario. As China expands its global reach with naval and air power, the USA and its allies may need to react by diverting resources away from economic growth and social programmes and into guns and ships.
**Economics:** The Asian century scenario would cause a fundamental shift in the world's economy; global economic well-being would depend on the health of NICs in Asia rather than the economies of Europe and North America

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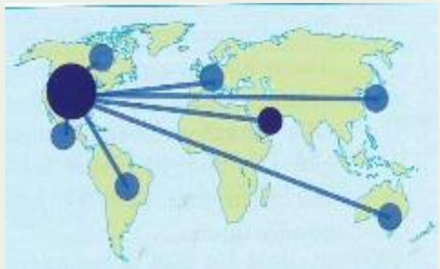
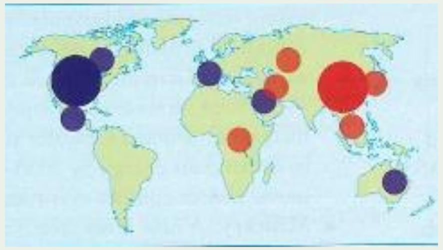
|---|---|---|
| US Hegemony (Unipolar) |  | US dominance, and economic and military alliances, continue in a unipolar world. China faces an economic crisis, similar to Japan's in the early 1990s, and ceases to grow rapidly. |
| Regional Mosaic (multi-polar) |  | Emerging powers continue to grow while the EU and USA decline in relative terms, creating a multi-polar world of broadly equal powers with regional but not global influence. |
| The new cold war (bipolar) |  | China rises to become equal in power to the USA, and many nations align themselves with one or the other ideology, creating a bipolar world similar to the 1945-90 Cold War period. |
| Asian Century (unipolar) |  | Economic, social and political problems reduce the power of the EU and USA; economic and political power shifts to the emerging powers in Asia, led by China. |

| Enquiry Question 3 Practice Exam Questions |
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| Evaluate the implications of the continuing growth and development of superpowers in creating tensions. (12) |
| Explain why there are, and have been, tensions between superpowers and other countries in East Asia. (12) |
| Explain why there are tensions between superpowers and countries in the Middle East. (12) |
| Superpower tensions are economic rather than political. How far do you agree with this statement? (12) |
| Explain why it is difficult to predict the future of superpowers. (12) |