

## RESOURCES SUPPLEMENT

### Globalisation

The world appears to be getting smaller all the time because of increasing communication. Air travel, satellite communication systems, mobile phone technology, and the internet have all combined to make sure that contact with most places in the world is possible for those people who can afford it. Large companies have taken advantage of these developments in communication technology and over the last 25 years have built up their factories, services and workforces all around the world. In short, we now have a global economy.

The implications are huge for everyone in the world because globalisation can affect people in different ways, depending on decisions made by national governments, trans-national corporations (TNCs) and intergovernmental organisations. In this resource supplement, we will examine the issues arising from globalisation, and look in detail at the role of trans-national corporations and some of the most serious global problems.

The resources in this section provide simulations and activities for learners working at levels 2–3. Additional resources are suggested at the end of the supplement.





# What is globalisation?

Globalisation is often described in the media as the spread of American culture (characterised as fast-food restaurants, Hollywood movies, clothing brands, etc.). It refers to the increasingly close connections between

people and countries across the world, particularly in relation to work and the economy, and it relies on four key features.

## 1. Use of technology to speed communications and trade

In many different kinds of business, mobile phones, video-conferencing and the internet can allow people who do not work in the same place to communicate instantly. Goods can be ordered and dispatched; various services such as banking and insurance can be provided by people thousands of miles away; and workforces in many different parts of the world can be managed from one place.



## 2. Predominance of trans-national corporations (TNCs)

A key feature of globalisation is the growth of huge corporations that dominate world markets. Of the world's top 100 economic players, 49 are countries and 51 are companies. The combined income of four top US companies – General Motors, Wal-Mart, Exxon Mobil and Daimler Chrysler – is greater than the combined national income of the world's 48 poorest countries.

## 3. Sourcing of raw materials and labour from all over the world, according to lowest cost

Trans-national companies have made large profits by lowering their costs by making their goods and providing their services where labour and materials are cheapest. World trade in goods tripled over the past twenty years. Poor countries have specialised in clothes, footwear, electronics, food and, more recently, financial services provided through call centres. However, development has sometimes led to bad working conditions and environmental pollution.



STR/AFP/Getty Images



## 4. Emergence of global brands reinforced by the media

Global brands such as Nike and McDonald's have led to a global culture among young people; they all recognise the same brands and slogans which are advertised on television, radio, billboards and in magazines in almost every country in the world. Many young people want to own the branded goods and will pay more for them.

## Is globalisation a good thing?

In recent years, meetings of Western government leaders have been met by demonstrators who oppose what they see as the bad effects of globalisation.

Those opposed to globalisation say that it makes the rich countries richer and poor countries poorer, and leads to the increasing impoverishment and exclusion of the Third World. Others argue that globalisation spreads affluence and reduces the inequality between rich and poor countries by encouraging world trade.



Scott Barbour/Getty Images

# FOR *or* AGAINST GLOBALISATION ?

Here are some of the arguments for and against globalisation. In pairs, decide which point of view you agree with, and do one of the following:

- Hold a debate on the motion: 'This house believes that globalisation increases inequality between rich and poor countries.'
- Collect photographs from newspapers and magazines and make a collage on the effects of globalisation.

## AGAINST GLOBALISATION

The poor are being marginalized. Globalisation leads to a deepening inequality in the world. It is a new form of Western imperialism which dominates and exploits through capital (money) from trans-national corporations, supported by global organisations such as the World Bank and the International Monetary Fund (IMF).

## AGAINST GLOBALISATION

The terms of trade make it more difficult for poorer countries to compete, and there is now a large trade gap. Through increasing globalisation the value of world trade is 17 times greater than 50 years ago, but Latin America's share has fallen from 11% to 5% and Africa's from 8% to 2%.

## AGAINST GLOBALISATION

Globalisation exploits the people of poorer countries through their cheap labour in low-skill jobs working for trans-national corporations. It is really all about the spread of powerful companies over the globe, wherever corporate interests are best suited.

## AGAINST GLOBALISATION

Increased global integration means that poorer countries become more vulnerable to world financial markets. The East Asian Crisis was a direct result of globalisation and worsened poverty. The benefits of the global market help a relatively small proportion of the world's population. The strong become stronger and the weak become weaker.

## AGAINST GLOBALISATION

Globalisation is a form of disempowerment. Outside interference of the World Bank and IMF has made the economies of poorer countries worse and has prevented countries having their own development strategies.

## FOR GLOBALISATION

North-South differences are being reduced. Globalisation is a force for creating global prosperity. Through free trade and movement of capital, globalisation is spreading prosperity, wealth, power and liberal democracy around the globe.

## FOR GLOBALISATION

Globalisation has increased world prosperity. By historical standards, global poverty has fallen more in the last 50 years than in the past 500, and the welfare of people in almost all regions has improved significantly over the past few decades. The fall in poorer countries' share of world trade is caused by internal economic, social and political conditions in individual countries.

## FOR GLOBALISATION

Globalisation promotes development in poorer countries, and spreads the technology and knowledge of the richer ones to the poorer ones. There is some evidence to suggest that those countries largely by-passed by globalisation are amongst the poorest.

## FOR GLOBALISATION

Globalisation has brought about huge benefits. The emergence of a single global market, the principles of free trade and global competition have opened up new opportunities across the world. Globalisation led to the successful development of Eastern Asia and its 'economic miracle'. Increasing global integration means that there are organisational structures to deal with world political, economic and social problems, including natural disasters.

## FOR GLOBALISATION

The policies of the major institutions, namely the International Monetary Fund (IMF), World Bank and the G8, have strengthened the global market. These organisations want to help poorer economies to develop.

# Trans-National Corporations: friend or foe?



## Background

This activity is called a 'networking simulation' and is used to help learners appreciate many different sides of an argument as they communicate with other groups. The six groups take on different roles, with different viewpoints on an issue – in this case whether or not trans-national corporations help the economy of a poor country. The activity requires between 12 and 36 participants, and will take one-and-a-half to two hours.

## Learning objectives

- Demonstrate knowledge and understanding about citizenship issues
- Consider the social, moral and ethical issues applying to a particular situation
- Express and justify a personal opinion to others.

## Resources required

Copies of the six role cards (one for each group)

Group name cards (Mondrian Government, Mondrian Workers, Mondrian Aid, Tronics, European Consumers and Governments of G8 countries)

Message slips (at least 18)

Reply slips (about 50)

A helper to track the messages sent

A post person to deliver messages

## Procedure

- Allocate participants to each of the six groups in a way that best suits the group (e.g. randomly by pulling numbers from a hat, structured by you to ensure a mix of abilities, or allowing learners free choice). Place group name cards on each table.
- Explain that there are six groups in the room: the government of a poor country – 'Mondria'; a group of 'Mondrian' workers; a charity – 'Mondrian Aid'; a large trans-national corporation – 'Tronics'; a group of European consumers; and G8 government ministers.
- Give each group one of the six role cards and allow time for the participants to read their card.
- Ask each group to summarise the position of the group in one sentence so that everyone hears.
- Tell groups that they can send **ONLY** three messages to other groups. The messages can be questions or comments. When they have written each message, they should wave it in the air and wait for a post person to collect it. Give out three message slips to each group.
- Ask the post person to take each message first to the tracker, who will record who sent messages to whom on a whiteboard. The message should then be delivered to the intended recipient.
- Give out reply slips. There is no limit on the number of replies allowed.
- Allow the activity to run for about 45 minutes and then ask a spokesperson from each group, still in role, to describe what messages they have sent and received, and whether they are happy with the replies. Refer to the tracking chart to discuss who received most messages and why.

- Move participants out of role and into a circle for discussion of the issues raised, and in particular, the following questions:
  - *Would the development of a production plant in Mondria assist development or not?*
  - *How should the Mondrian government react to Tronic's proposals?*
  - *What would the impact of the plant be on Mondrian workers and European consumers?*
  - *How should G8 support countries like Mondria?*
  - *What can ordinary citizens of Europe do to help poorer countries in the world?*

**Assessment opportunities and follow-up work**

Ask pairs of participants to discuss what they have learned about globalisation from this activity, and what they still need to find out, recording this on coloured stick-its.

Set up research tasks for groups to find out about both the advantages and the disadvantages of TNC activity in poorer countries in real case studies, and to present their findings to the whole group.

Consider in more detail the question of what ordinary citizens can do about global problems, and discuss whether each of the following is appropriate or effective:

- keeping informed about the global economy
- taking part in demonstrations
- boycotting certain goods
- giving to charities
- buying fair trade products
- writing letters to powerful people
- using the vote
- other suggestions ...

Message slip	
From: _____	To: _____
Message: _____ _____	
Signed: _____	

Reply slip	
From: _____	To: _____
Message: _____ _____	
Signed: _____	



## Mondrian Government

You are the elected government of a small country in South East Asia called Mondria. Your people are desperately poor. They mainly work on the land, growing rice and vegetables for subsistence living. There is some tourism around the coast and a small amount of local enterprise involving export of packed rice, some textile manufacture using locally grown cotton, and some mining of minerals in the north of the country.

Education is free for children up to the age of 11, but there is a charge for secondary education, so many parents are unable to get their children educated. Health is also a problem, with many suffering from malaria and some malnutrition in the rural areas.

A large trans-national corporation, 'Tronics', has requested permission to build a production plant for some of their world-famous products – mobile phone ipods. The plant would be located in the centre of the country, just outside the capital city, and near to transport routes. A new road would be needed to link the site to the airport which would be built by Tronics at their expense. They would train workers to perform the various functions, including lower management. Senior managers, designers and technicians would be brought in from the European headquarters.

**You have to decide whether to agree to the plant and on what terms.**



## Mondrian Workers

You are a group of workers living in the north of Mondria. You grow rice and vegetables in the village co-operative. Some of the men from the village have moved to the mining towns 50 miles away and send money home, but you don't want to work in mines – they are very dangerous. However, the vegetable crops have failed again because of floods and the young in the village are restless for change.

You have heard that a large European company would like to set up an electronics plant in the country – 100 miles away near the capital, Bojal. Wages are rumoured to be ten times what is paid at the mines, and the work is clean and safe, although hours would be long.

The company would provide hostels for single workers to live in, medical care and on-the-job training. Work would be available for men and women, old and young. There would not be accommodation for families – it would mean moving away.

**You have to decide whether or not to move to Bojal in the hope of getting work if it comes.**



## Mondrian Aid

You are a charity working in Mondria. Your particular focus is on supporting the development of small businesses. There are many people in Mondria who would like to start up companies, and you help them apply for loans from the World Bank. The businesses vary from food packaging and export to hiring mobile phones. There are no landline telephones in Mondria, so mobile phones are the only way to communicate, although most people cannot afford them.

In your view, home-grown business and enterprise is the way forward for Mondria and you ensure that the charity is staffed by local people who supply free enterprise training.

You are very worried about some plans Tronics has put forward to build an electronics plant because the company may make demands about the price and outlets for their products. Also, the profits from company sales are unlikely to benefit Mondria, beyond the free airport road. You believe that Tronics will not locate to Mondria if trade unions are allowed to become strong. Also, from previous experience of the company, they could close down and move somewhere else if problems of any kind arise. What would happen to all the workers then?

**What can you do to challenge the new development?**



## Tronics

You are the Board of a highly successful trans-national corporation, Tronics. You are based in Europe (headquarters in Austria) and produce various electronic goods – mobile phones, DVD players, ipods, digital radios, video cameras, etc.

You are looking for a cheap site to produce a new range of mobile phone ipods with voice-activated homing devices – the E900. Labour is expensive in Europe, so you are looking to South East Asia. You want a country that will not encourage strong trade union action, because you have recently lost money following a plant closure in India. But you need to be near the heart of the component production countries – Japan and Korea.

Mondria appears to be what you are looking for. The workers will not demand high wages and there is no history of labour disputes. You are prepared to build a new road from the proposed site near the capital to the airport, and some hostel accommodation for single workers, but you don't see the need for family accommodation or provision of education – this has to be the responsibility of the government.

**What do you need to find out before you make your final decision?**



## European Consumers

You are a group of young Europeans who like to keep up to date with all the latest gadgets. In particular, you like to update your mobile phone as often as possible to make sure you get all the latest facilities.

You would really like to buy the latest Tronics model – the E900 – because it offers a huge range of internet services, including download of music and storage, as on an ipod. It also has a voice-activated homing device. As yet, the phone is too expensive for you. If it were cheaper, you would buy it immediately.

You have heard a bit about the operation of trans-national corporations like Tronics, but you have never really considered where your goods come from. A friend went on a demonstration to the G8 summit in Scotland and told you that globalisation often meant cheap goods at the expense of workers in the Third World. Also, there was a discussion during tutorial when you were at college about Nike and whether or not you should boycott their products, but you didn't take a lot of notice.

**What do you need to find out about the production of the new E900 before you buy it?**



## Governments of G8 countries

The G8 countries are the eight countries with the strongest economies in the world. They are: the United States, Britain, France, Germany, Italy, Russia, Japan, and Canada, with representation from the EU. The leaders of these countries meet regularly to discuss the global economic situation and to decide how they can help to improve things.

Your group represents the G8. You have recently met to discuss issues such as poverty in Africa, climate change and fair trade. You are often accused of supporting the trans-national corporations (TNCs), which tend to be based in your countries. Opponents of globalisation say that these corporations are responsible for lack of development in the Third World. They say that TNCs create dependence in poor countries on rich Western companies, and prevent poor countries setting up their own industry.

You think that democracy is the best political system in the world, and that free societies must allow capitalist companies to exist and expand. You want to create a fairer world and to limit the activities of big companies and corporations so that the Third World can benefit. An example of this could be the siting of a new Tronics plant in Mondria.

**What would need to happen to ensure that the Tronics proposals help Mondria?**

# Some examples of resources on globalisation:

## **Trade Trap**

OX 141, £11.50

An examination for age group 16+ of the dilemma faced by producers in the South – the more they produce, the lower the price falls on the world market. If they try to add value to their commodities by processing them, they run into tariff barriers imposed by the rich industrialised nations. Then they have to compete with subsidised exports dumped on the world market by rich surplus-producing countries. This edition includes analysis of the impact of the introduction of the World Trade Organisation and the demise of GATT.

and

## **Life after debt**

OX 203, £10.00

A video showing three short films shot in Uganda, which is one of the first countries to receive substantial debt relief. They show real improvement in the lives of poor people in the areas of education, farming and health. The video is supported by background information and classroom activities for KS 4.

Both from:

Jane Angel, DEP, c/o MMU, 801 Wilmslow Road,  
Didsbury, Manchester M20 2QR  
Telephone: +44 (0) 161 445 2495  
Fax: +44 (0) 161 445 2360

## **President for a Day**

### **President for a Day CD-ROM**

From Creative Teaching Supplies

Telephone: 01903 604 310

(£58.75 full game; £1 demo version)

An interactive educational computer game about Third World debt that invites the player to act as president of an independent African country called Mobesi, making decisions their country will follow.

[www.presidentforaday.org](http://www.presidentforaday.org)

## **No Nonsense Guides to...**

Published by New Internationalist  
(£7.00, discounts for 3)

Pocket-sized guides that provide information on a variety of topics and stimulate thinking, including: ...*Fair Trade* edited by David Ransom; ...*International Migration* edited by Peter Stalker; ...*Globalisation* edited by Wayne Ellwood; ...*International Development* edited by Maggie Black.

[www.newint.org](http://www.newint.org)



## **Seeing through the spin**

(Reading Development Education Centre)

Looks at issues of corporate responsibility, ethical consumerism, fair trade and sustainable development. It examines the role of public relations in our perception of TNCs and NGOs, and how these organisations affect development. It develops students' abilities to deconstruct PR messages from companies and their critics. The pack contains instructions for 14 different activities that can be selected to suit the participants. Each activity has discussion points, a summary of key ideas and suggestions for follow-up. There is an extensive glossary of terms, with a list of contacts and resources.

Available from:

[www.risc.org.uk/education/  
teaching\\_resources.html](http://www.risc.org.uk/education/teaching_resources.html)



## **Just Business**

The 'Just Business' website provides information and activities about global and ethical issues for students and teachers of Business Studies and Economics. Some free materials are available on this site.

[www.jusbiz.org/  
showpage.php?pagename=resourcesfree](http://www.jusbiz.org/showpage.php?pagename=resourcesfree)