

# 12

## The Growth of Economic Globalization

### Chapter Overview

#### Specific Expectations

In this chapter, students will:

- identify different methods of grouping countries and evaluate the implications of categorizing countries in these ways
- identify ways in which countries and regions of the world are becoming increasingly interdependent
- identify the social, economic, cultural, political, or ecological components of selected geographic issues
- analyze the effects on the environment of various trade policies or agreements
- assess the relative importance of the various factors that influence the quality of life
- use different kinds of maps and images to identify, interpret, and analyze geographic relationships, including those that involve the consequences of human activities or environmental phenomena
- develop possible solutions to geographic problems or issues, using appropriate forecasting, decision-making, and/or problem-solving strategies
- explain the different points of view on a geographic issue that are, or might be, held by various stakeholders
- draw conclusions or make judgments or predictions on the basis of reasoned analysis and supporting evidence

The globalization of the world's economy elicits strong feelings from different groups of people. To some, it is the best hope for Earth's peoples, rich and poor. To others, it is merely another way for the rich (whether countries or individuals) to become richer at the expense of the poor. The passion of the opponents of economic globalization can be seen in the massive demonstrations that have become routine at meetings of G8 leaders, the World Trade Organization, and APEC. These meetings feature, on the one hand, earnest talk about the benefits of economic globalization, and on the other hand, thousands of demonstrators who fear that participants will develop trade policies based on their own self-interest.

The first half of Chapter 12 opens with an examination of the growing importance of transnational corporations and a comparison between the economies of nations and those of the largest private companies. This section points out that, although corporate power is currently concentrated in developed countries (only 6% of the Global 500 are outside the Old Core), the future Global 500 list will include many more non-Old Core companies, especially from the BRIC countries. The section closes with the benefits and disadvantages associated with the growth of transnational corporations.

The second half of the chapter deals with the growth of free-trade agreements in Western Europe, North America, and the nations of the Americas and the Pacific Rim. It ends with the observation that, although agreements on trade liberalization will have to better meet the needs of the developing world, Old Core nations will likely not accept a decrease in their economic dominance.

## Prior Learning Required

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It would be helpful, but not essential, if students have completed:

- The Nature of Globalization—Chapter 2, pages 25–28
- Economic Systems—Chapter 11, pages 175–178

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## Working It Out: The Global 500

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Each year, Forbes magazine publishes a list of the **Global 500**, the 500 largest companies in the world based on a combination of sales, profits, assets, and capitalization. Capitalization is the market value of all of the stock issued by a company, determined by multiplying the number of shares in existence by the current price per share.

The answers to this quiz are based on Forbes' 2006 rankings and are found on page 195 of the student textbook.

### **Question 1 What company headed the Global 500 list in 2006? That is, what is the largest company in the world?**

The largest company is Citigroup with assets of US\$1 051 450 000 000. With losses related to the sub-prime housing market and other poor investments in 2007 and 2008, it will be interesting to see how Citigroup ranks now.

### **Question 2 What are the next top four companies on the list?**

The next top four companies are

- 2) General Electric (multi-industry) [includes: appliances, electrical energy, healthcare, finance, media and entertainment, oil and gas, rail, security, and water]
- 3) American International Group (industry) [AIG is the largest international insurance organization with operations in more than 130 countries]
- 4) ExxonMobil (oil and gas) [a successor of J.D. Rockefeller's Standard Oil company (the Canadian name of Esso is derived from the company's original name)]
- 5) Bank of America [America's first coast-to-coast bank]

### **Question 3 What country had the most companies on the Global 500 list? How many Global 500 companies did this country have?**

The United States had 205 of the 500 largest companies.

### **Question 4 What are the next top four countries with the greatest number of Global 500 companies?**

- 2) Japan (91 companies)
- 3) France and UK (34 companies each)
- 4) Germany (24 companies)

### **Question 5 What company in the world had the largest profits?**

In 2006, Exxon-Mobil had the largest profits (US\$ 15.1 billion). That year was marked by very high oil prices, which boosted the profits of all oil companies.

### **Question 6 What is the name of the largest Canadian company on the list? Where did this company rank?**

The largest Canadian company is the Royal Bank of Canada, which ranked #105.

### **Question 7 How many Global 500 companies were Canadian?**

There were 16 Canadian-based companies on the list in 2006. In 2000, there were 12.

### **Question 8 Name as many of these companies as possible.**

- #105 Royal Bank of Canada
- #142 Bank of Nova Scotia
- #168 Toronto-Dominion Bank
- #170 CIBC

- #208 Bank of Montreal
- #222 Manulife Financial
- #233 Sunlife Financial
- #243 BCE
- #297 Power Corporation
- #307 Bombardier
- #329 George Weston
- #349 Alcan
- #353 Imperial Oil
- #359 Onex
- #373 Nortel Networks
- #386 Magna International

**Question 9 Estimate the number of Global 500 companies that have their head offices in the Old Core, New Core, Near Core, and Far Periphery.**

- Old Core 469
- New Core 31 (South Korea 13, Brazil 4, China 3, Russia 3, India 3, Mexico 2, Singapore 1, Taiwan 1, South Africa 1)
- Near Core 0
- Far Periphery 0

**Question 10 Which of the following companies are on the Global 500: Nike, Wal-Mart Stores, Tim Hortons, L’Oreal, BMW, Royal Bank of Canada, McDonald’s, FedEx?**  
All are on the Global 500 list except Tim Hortons.

## Working It Out: New Centres of Global Economic Power

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Students are instructed to talk to their classmates or parents or do Internet research to help them answer these questions if they need to.

**Question 1 Identify a major New Core company that meets the criteria below.**

**Question 1 a) PC manufacturing in China and sold worldwide**

Lenovo ranked No. 3 (in 2007) in the worldwide PC market behind Dell and Hewlett-Packard. Legend QDI is the largest PC motherboard manufacturer in China and a top-five supplier in the world.

**Question 1 b) PC manufacturing in Taiwan and sold worldwide**

Acer computer ranked 4th in the world in 2007 and has plans to surpass its rival Lenovo, which ranked 3rd.

**Question 1 c) sixth-largest steel-making company in the world, with interests in many countries**

As of spring 2008, Tata Steel of India was the sixth-largest steel company in the world.

**Question 1 d) Chinese company involved in oil development outside China**

China National Offshore Oil Corp—In 2008, China’s largest offshore player planned a joint US\$16 billion development of Iranian gas fields. It also has interests in Nigeria, Indonesia, and Australia.

China National Petroleum Corp, also known as PetroChina, is China’s biggest producer of oil. It is a major investor in Sudan’s oil and natural gas industry and has interests in Syria, Kazakhstan, Ecuador, Indonesia.

**Question 1 e) Chinese company involved in another resource-development field outside China**

Baosteel Iron and Steel Co. of Shanghai is China’s largest steelmaker. It enters into agreements with iron ore and nickel-mining companies in Australia, Brazil, India, and other countries.

**Question 1 f) auto manufacturing company in China that produces vehicles for sale in many countries, including Canada and the US**

Foreign manufacturers with joint ventures in China include Volkswagen, General Motors, Toyota, Honda, and Nissan.

**Question 1 g) auto manufacturing company in India that sells vehicles in many countries outside the Old Core**

Tata Motors of India purchased Jaguar and Land Rover from Ford in 2008.

**Question 1 h) Russian company that controls much of the energy market in eastern and central Europe**

Gazprom is Russia's largest company, producing 86 percent of the country's natural gas. It is also the world's largest gas producer. The European Union gets about 25 percent of its gas from Gazprom.

**Question 2 What advantages do these companies have compared to their Old Core rivals? (Hint: It will not be the same advantage(s) in each case.)**

These companies have several advantages:

- PC manufacturing in China—low labour costs, lax environmental laws
- PC manufacturing in Taiwan—highly educated workforce, good investment climate
- Sixth-largest steel-maker—Tata steel—is part of the Tata Group that has large amounts of capital for the acquisition of other companies

and the purchasing of the most modern equipment. In 2000, it was recognized as the world's lowest-cost producer of steel

- Oil development outside China—has state support, particularly in developing countries where China sees itself as an alternative to western “meddling” on issues of human rights and governance
- Other Chinese resource-based industries—can afford to spend a lot overseas obtaining the raw materials because the cost of production back in China is kept low by cheap labour costs and a lack of environmental controls
- Auto manufacturing in China—low labour costs, economies of scale, and large-scale foreign investment give it advantages over other Old Core rivals (of which many are investing in China)
- Auto manufacturing company in India—Tata Motors has a large domestic market, low labour costs, and access to large amounts of capital from the Tata Group (comprising 98 companies on six continents with almost 3 million employees)
- Russian energy company—Gazprom has the support of the Russian government (that uses the company as a tool in its foreign policy with neighbouring countries)

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## Chapter Questions: Notes and Answers (p. 194)

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### Knowledge and Understanding

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**Question 1 a) List the benefits and drawbacks of transnational corporations.**

*Benefits of transnational corporations:*

- Provide consumers with an ever-expanding range of products and services at affordable prices. This allows an ever-larger proportion of the world's population to enjoy the benefits of everything from consumer goods to entertainment and pharmaceuticals.
- An overall increase in world economic growth that will make everyone wealthier by providing more jobs and greater economic production.

This benefit has been described as “a rising tide that lifts all boats.”

- A stimulus for the economic development of developing nations
- A faster and more equitable sharing of the most recent technological breakthroughs

*Drawbacks of transnational corporations:*

- The growth of transnationals encourages the worst aspects of globalization. There could be a loss of local cultural identities as the products of US, European, and Japanese companies become commonly used everywhere. In particular, US cultural values could erode local cultural identities, since US companies

dominate the market for entertainment and consumer products.

- Corporations are becoming so large that it is not clear whose laws apply when a company's operations extend far beyond the borders of any one country.
- Rather than making everyone richer, the growth of transnationals benefits Old Core countries far more than other nations. Most of the best jobs and the profits go to the former. The latter obtain low-paying jobs, provide markets, and suffer the possibility of environmental damage. In this way, economic globalization is little more than a form of neo-colonialism.
- The operation of transnationals produces economic uncertainty. These companies "shop around" for the best places in which to do business. This means they can play one country against another in their search for the cheapest labour or the weakest environmental standards.

**Question 1 b) In your mind, do the benefits outweigh the drawbacks? Explain the basis for your conclusion.**

Students may support either side of the issue.

Students' work may be evaluated using AR 2 in the Assessment Rubrics section of this Teacher Resource.

### **Line Masters/Assessment Masters**

- **AR 2** Supported Opinion Writing

**Question 2 a) Why is a comparison between a company's sales and a nation's GDP a meaningful one?**

Both measures give an indication of the size of an "operation": in one case, a company's revenue; in the other, the value of goods and services produced in a country. While the analogy is not perfect, it is often used to compare the economic size of companies and countries.

**Question 2 b) What does this comparison suggest about the amount of influence that a large company might have when it comes into conflict with smaller nations?**

The comparison suggests that a large company may have great influence on a country. Indeed, many critics feel that companies can and do blackmail countries to get their way. For example, if a country tries to improve its labour laws or environmental standards, a large company may threaten to move a vitally needed factory to another country that makes fewer demands. As more large transnational companies develop, and as existing corporations become even larger and more powerful, this situation is even more likely to occur.

**Question 2 c) Give two examples of the ways in which a large corporation could influence the decisions of a country's government.**

Students may provide a variety of examples, such as the following.

Large corporations could influence government decisions by

- bribing government officials to allow the company to set up operations, pay cheap wages, or despoil the environment. In 2006, Transparency International, a global civil society organization that fights against corruption, published a "Bribe Payers Index (BPI)" that ranked 30 of the leading exporting countries according to "the propensity of firms with headquarters within their borders to bribe when operating abroad." The study concluded that "companies from the 30 countries are far more likely to resort to bribery when working in Low Income Countries and in Africa." [www.transparency.org/about\\_us](http://www.transparency.org/about_us)  
[www.globalpolicy.org/socecon/tncs/2006/1004bpi.pdf](http://www.globalpolicy.org/socecon/tncs/2006/1004bpi.pdf)
- threatening governments to modify their labour or environmental laws or the company will move its operations to another more cooperative country
- lobbying elected representatives to promote actions that benefit the company. This lobbying may consist of expensive dinners, trips, and the placement of new factories (i.e., jobs) in the electoral district of the member of government.
- supporting the election campaigns of candidates with large donations

**Question 3** Examine the statistics in Figure 12–1 and answer the following questions.

**Question 3 a)** What kinds of businesses are most common among the largest companies in the world? (Remember that the majority of GE’s revenues come from financial services with the remainder from manufacturing.) Why is this not a surprise?

The most common businesses among the largest corporations in Figure 12–1 are

- motor vehicle manufacturers (4)
- oil and gas companies (3)
- finance companies (2)
- retailing companies (1)

**Question 3 b)** What factors make it easier for a large corporation to get even larger than for smaller competitors to emerge in the same field? In what ways is this a desirable situation, and in what ways is it not?

Some of the factors that make it easier for a large corporation are as follows:

- Access to large amounts of capital gives it flexibility in where to operate.
- Large companies have the financial depth that allows them to reduce prices so low that smaller companies cannot survive. When the competition is eliminated, the large corporation can raise prices to recoup their short-term losses.
- Large corporations can buy out smaller competitors, thus reducing competition.
- It is easier for large corporations to fund new businesses or revive faltering ones by using the profits from their other healthy units.

*This is a desirable situation because*

- Large corporations have the financial depth and diversity to withstand economic downturns.
- Instead of spending huge amounts of money developing new technologies, large corporations can buy out the developer and incorporate the technologies in their global operations.

*This is an undesirable situation because:*

- Small corporations cannot compete against large ones that have lots of cash to attract the best management teams and workers.

- When large corporations buy out smaller ones, there is less competition and choice in the marketplace.

**Question 3 c)** Give two reasons why you may have heard of some of these companies and not others? Is this likely to change in the future?

There are two reasons why students may not have heard of some of these companies. One is that some may operate primarily in Japan or Europe, with relatively little public exposure in Canada. The other is that while some of these companies operate in a part of the consumer sector with which students are familiar (e.g., General Motors, Wal-Mart, and Shell), others provide products that students would not be familiar with (e.g., Citigroup).

**Question 4 a)** How are the trade agreements of NAFTA and the countries of the EU similar?

The chief similarity is that both provide relatively free trade among their members. Furthermore, all these nations are prepared to give up a measure of national sovereignty in the belief that a more globalized view will pay off in the long run.

**Question 4 b)** In what ways are they different?

The European Union has taken the idea of economic globalization much further, for example, by establishing the euro as a common currency. Also, the EU allows for the easy movement of people between countries and has generous rights regarding workers from one member nation working in other EU countries.

**Question 4 c)** Could NAFTA develop to be more like the EU? Why or why not?

It could. For example, there has been some discussion over using the US dollar as the common currency of Canada and Mexico. (Unlike Europe, where no one currency was dominant, in North America it would make sense to use the US dollar as a common currency rather than create a new one.)

There are reasons why this might not happen, though. Most Canadians are wary about giving up sovereignty. Also, the US has little interest in granting its partners easier access, especially after the terrorist attacks of September 11, 2001, and the controversy surrounding illegal immigrants.

## Thinking

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**Question 5 a) Use an atlas to compare the distribution of Global 500 headquarters among the world's countries to the distribution of the world's population. What differences do you see between these patterns? Why are these differences a problem?**

There is clearly not a strong relationship between the head offices of the Global 500 companies and population. Ninety-four percent of the Global 500 companies have their head offices in Old Core countries that have about 18 percent of the world's population. The simple fact that Finland with a population of about five million is the home to as many of these companies (3) as China, India, and Russia, with a combined population of about 2.6 billion, illustrates this point well. Only 31 companies are located in the New Core and none of the 500 largest companies is located in the Near Core or Far Periphery.

These differences are a problem because the wealth generated by these companies around the world is sent to the head offices in Old Core countries. The money, managerial expertise, and technologies found in head offices would be more helpful to more people if they were located in developing countries.

To make the situation even worse, few of the transnationals in developing countries are "typical" large companies. In most cases, they are similar to Canadian Crown corporations in the sense that their ownership is not privately held. It is likely to take many years before enough capital accumulation occurs to allow a significant number of very large, privately owned corporations to develop outside the Old Core.

**Question 5 b) Give two reasons why countries like the Netherlands, Belgium, Italy, the United Kingdom, and France have so many large companies.**

Generally, this phenomenon can be linked directly or indirectly to the imperial history of these countries. In some cases, like the giant oil companies (e.g., Royal Dutch Shell and TotalFinaElf), companies were able to flourish and grow because of the wealth found in their countries' colonies. In other cases, the wealth that colonies produced was the basis for the creation of highly successful companies in fields as diverse as manufacturing, electronics, and insurance.

**Question 6 a) Who are the BRIC countries? Why are they often grouped in this way?**

- The BRIC countries are **Brazil, Russia, India, and China.**
- They are often grouped this way because each of these nations has a particular combination of natural and human resources aiding its rise into the world's economic "big leagues."

**Question 6 b) How might the growth of their economies (and those of other New Core countries) change the Global 500 list that we might look at in 2020?**

The growth of the economies of BRIC and other New Core countries will change the Global 500 because they will become the headquarters for many large transnational companies. Since many of these countries have economies that are growing faster than the economies of Old Core countries, it is almost certain that a future Global 500 list will have many more non-Old Core companies.

In a 2005 article, "The Banker," a Financial Times Web site, said this about the BRIC countries, "The fortunes of the world economy over the next decade depend on what happens in the BRIC countries: Brazil, Russia, India and China. All with large populations and hungry for growth, they are already reshaping global commerce and they have the potential to change it even more."

In a 2003 report, Goldman Sachs, a global investment banking and securities firm, predicted that by 2050 China and India would be the

dominant global suppliers of manufactured goods, and Brazil and Russia would become the major suppliers of raw materials.

**Question 6 c) Is this a good or bad thing? Be sure to explain your choice.**

Students may select either side of the issue and suggest the following.

*A good thing*

- The growth of BRIC and other New Core countries will increase the standard of living for millions of people. A Goldman Sachs 2004 report on BRIC nations predicted that the number of people with an annual income over US\$3000 will reach 800 million by 2014 and by 2025, more than 200 million people will be earning over US\$15 000.
- The increasing wealth will improve, among other things, healthcare, education, the quality and quantity of food, and life expectancy.

*A bad thing*

- The rapid economic growth is creating severe environmental damage in many of these countries because there are few controls on industries.
- The transfer of wealth and power to BRIC countries may create friction and even conflict with the current dominant economic powers.

**Question 7 Investigate the current status of the FTAA and APEC free-trade negotiations. What progress has been made, since the publication of this book, in implementing these agreements and in meeting the concerns of free-trade critics?**

Students may obtain up-to-date information from several Web sites that include:

FTAA: FTAA Home Page:

[www.ftaa-alca.org/alca\\_e.asp](http://www.ftaa-alca.org/alca_e.asp)

Global Exchange, an NGO promoting “people-to-people ties.” This Web site has background information, updates, and links to other Web sites:

[www.globalexchange.org/campaigns/ftaa/](http://www.globalexchange.org/campaigns/ftaa/)

Office of the US Trade Representative:

[www.ustr.gov/Trade\\_Agreements/Regional/FTAA/Section\\_Index.html](http://www.ustr.gov/Trade_Agreements/Regional/FTAA/Section_Index.html)

Foreign Affairs and International Trade Canada  
[www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/ftaa-zlea/index.aspx](http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/ftaa-zlea/index.aspx)

APEC: Home Page: [www.apec.org/](http://www.apec.org/)

APEC Economic Integration Program of the Canadian Government:

[www.apec-eip.ca/content/index.asp](http://www.apec-eip.ca/content/index.asp)

APEC Canada: Foreign Affairs and International Trade Canada:

[www.dfait-maeci.gc.ca/canada-apec/](http://www.dfait-maeci.gc.ca/canada-apec/)

Foreign Affairs and International Trade Canada, “APEC Working for Canadians”:

[www.dfait-maeci.gc.ca/canada-apec/working-en.asp](http://www.dfait-maeci.gc.ca/canada-apec/working-en.asp)

**Question 8 Opposition to the work of the World Trade Organization and to economic globalization has come from a great many directions. Explain briefly why someone in each of these groups might be part of this opposition:**

**Question 8 a) a unionized worker from the US**

The worker sees the loss of manufacturing jobs to low-wage countries as a result of trade liberalization.

**Question 8 b) a wheat farmer from France**

Without farm subsidies, a French wheat farmer can't compete against other countries that produce wheat at a much cheaper cost.

**Question 8 c) a cotton farmer from Mali**

Unlike US cotton farmers, cotton farmers in Mali do not get government subsidies. As a result, they cannot compete in the world cotton market despite the fact that the WTO rules prohibit direct subsidies.

**Question 8 d) an environmentalist from Canada**

Transnational corporations move operations to countries with limited or no environmental protection laws. This allows the companies to produce goods more cheaply in developing countries because they don't have to have expensive pollution-control equipment.

**Question 8 e) a human-rights activist from China**

The activist may feel that free trade does not increase the economic or political freedom of the poor. China's rapid economic growth as a result of global trade is based to a large extent on China's pool of cheap labour. The working conditions are frequently dangerous to the health of the workers, e.g., China's coal mines.

**Question 8 f) a university student from the EU**

A university student may see free trade as a problem because jobs are moving from the EU to countries with lower labour costs. Even high tech, business services, and other tertiary-type jobs are leaving Old Core countries for New Core countries. This could diminish employment opportunities upon graduation.

**Question 9 “The economic power of the New Core and even the Periphery can only grow in the years to come.” How might the growing economic power outside the Old Core affect your life in the future? Consider both positive and negative impacts.**

*Some positive impacts*

- There will be more employment opportunities in many countries around the world.
- Expanding markets in New Core and Periphery countries open up new opportunities for entrepreneurs and existing businesses.
- Demand for raw materials and products in these countries help to keep our economy out of recession.

*Some negative impacts*

- Employment opportunities in Canada may become limited as jobs move to lower-cost countries.
- A more highly educated population in New Core and Periphery countries may lead to more competition for jobs as many of these people migrate to Canada.
- The rapidly expanding economies are increasing the demand for oil, raw materials for industry, food, and other commodities—

resulting in higher prices and even possible shortages.

## Communication

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**Question 10 Construct a metaphor that an opponent to economic globalization might use to counteract the pro-globalization comment, “A rising tide lifts all boats.” Compare your metaphor to that of a classmate. Within the context of globalization, was each understandable to the other person?**

Even though students encounter metaphors constantly, ranging from Shakespeare (“All the world's a stage, and all its people merely players”) to sports (“The Leafs' goaltender was shelled again last night...”), they may have difficulty creating a strong one here. Some will look for a direct nautical equivalent, e.g., “A rising tide lifts only those who own boats,” while others may look farther afield, e.g., “In the forest, only the tallest trees get the sun's light.” In any case, the metaphors that are created should carry the message that not every person or nation is able to compete effectively in a globalized world.

Who knows? One of your students may come up with a slogan that can be used to rally the world's anti-globalization forces!

## Application

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**Question 11 FOCUS ON GLOBALIZATION Assume that you have a particularly bright and involved sister in grade ten. She sees what you are studying and asks you whether economic globalization is a good or bad thing. You decide that it would make more sense for her to make up her own mind, but that you can create a table to summarize the arguments in favour of and in opposition to economic globalization. Do so.**

See Table 1.

<b>Table 1 Arguments in Favour of and in Opposition to Economic Globalization (EG)</b>	
<b>In Favour of EG</b>	<b>In Opposition to EG</b>
EG is efficient. It provides the widest possible range of products and services to consumers as cheaply as possible.	The economically strong get stronger, while those with less economic power suffer.
Total world economic growth is enhanced (“a rising tide lifts all boats”).	EG provides a basis for the loss of cultural identities.
EG provides a stimulus for the economic development of developing nations.	EG encourages the growth of huge corporations that are more powerful than national governments. Because these companies operate transnationally, it is not clear if any country’s laws apply.
EG allows for the faster and more equitable sharing of technological breakthroughs.	EG favours the rich countries over the poor. For example, trade liberalization has occurred among developed countries. Tariffs and other trade impediments still exist for most developing countries. EG produces uncertainty as companies shop around for the “best deal” in terms of lowest costs of operations.

**Table 1** Answer key for page 195, question 11.

**Question 12** In this chapter, you saw how complex the interconnections are in the auto industry and how the number of brand names is actually much greater than the number of auto companies. Similar situations exist in other industries as well. Research one of these and produce an organizational diagram showing the relationship between ownership and brand names. It might be easiest to look at some area of consumer spending like packaged foods, clothing production and retailing, soft drinks, or brewing. You should be able to research this topic by visiting the Web sites of major corporations.

There are many possibilities here for individual or group work. Some students might want to focus on an industry with which they are familiar. For example, they might study the relationships that exist between soft drink companies and fast food companies, or the relationship between media corporations and sports teams.

Depending on how you assign this question, students’ work may be evaluated using Assessment Rubrics 3, 6, 8, or 9 in the

Assessment Rubrics section of this Teacher Resource.

### Line Masters/Assessment Masters

- AR 3 Internet Search/Use
- AR 6 Research Paper/Project
- AR 8 Diagrams
- AR 9 Working Cooperatively

**Question 13** To some people, the operations of transnational corporations in developing countries are almost completely exploitative (for example, sweatshop manufacturing). Others think that they are a necessary step in the economic growth of these countries since they provide vital jobs and foreign income that will allow these countries to advance. With which of these sides would you agree? Explain your view.

This is a complex and controversial question. Those students who agree that such steps are necessary might make the following points:

- Child labour and sweatshops were a necessary part of the economic growth of countries such as Britain and Canada, and may well be needed in the developing world today.

- We should not apply our societal standards to those who live in other countries. Adults and children who work in sweatshops may be making more money than if they were working in other parts of their country's economy.

On the other hand, those who oppose the operations of transnationals in developing countries might suggest the following:

- We have a responsibility under international law not to encourage the abuse of workers, particularly children.
- People in rich countries benefit from these exploitative labour practices. We can afford to pay slightly higher prices for the products of factories in developing countries that do not exploit their workers.

**Question 14 Has free trade been good for Canada or not? Research the impact of free trade on Canada and try to determine if it has, in your opinion, been a good thing. You might want to consider the impact of free trade on such issues as the growth of the GDP, the number and quality of jobs created, and the environment. The report of your findings should be 300 to 400 words in length and should include a bibliography.**

The purpose of this question is to give students a chance to develop a thesis and to try to prove it in an organized and concise manner. As there is no generally accepted answer to this question, it does not matter which side students choose. In fact, it might prove interesting to have students choose which side they argue based on a coin flip.

Students' work may be evaluated using Assessment Rubrics 2 and 6 in the Assessment Rubrics section of this Teacher Resource.

### **Line Masters/Assessment Masters**

- AR 2 Supported Opinion Writing
- AR 6 Research Paper/Project

**Question 15 a) In this chapter it was suggested that the best opportunities for growth for the Coca-Cola company lie outside the Old Core. Why is this so?**

The market in Old Core countries is saturated and as the population ages, fewer people will purchase

soft drinks. The only way to boost sales substantially is to find new markets outside the Old Core.

**Question 15 b) Is this situation likely to be common for other transnational corporations?**

Yes, it will be common for many transnationals that are in competitive Old Core markets and that cater to young people.

**Question 15 c) Is this a good development, a bad development, or should we not be attaching value judgments like “good” and “bad” to such situations? Be sure to explain your answer.**

It is neither bad nor good. There are both positive and negative outcomes from any type of development. Change is always occurring and companies either adapt or go out of business. Changing tastes, demographics, economic circumstances, and competition from other companies in Old Core countries will cause companies to search for new markets.

Despite the fact that millions will have to be spent on developing new corporate infrastructures for expansion in non-Old Core countries, overall this situation probably has more positive than negative aspects. There are billions of people around the world that will need or want products as they become more affluent. The potential for new corporate growth is enormous.

**Question 16 Will a point be reached when free trade exists across the entire world, or will this aspect of economic globalization decline in importance as economic protectionism re-emerges? Write a brief paper (400 to 500 words) to address these questions. Besides giving your own opinions based on your current knowledge of the situation, describe any additional information that you might need to obtain to make the most reasoned position possible.**

The purpose of these questions is to give students a chance to develop a thesis and to try to prove it in an organized and concise manner. As there is no generally accepted answer to these questions, it does not matter which side students choose.

Students' work may be evaluated using Assessment Rubrics 2 and 6 in the Assessment Rubrics section of this Teacher Resource.

### Line Masters/Assessment Masters

- AR 2 Supported Opinion Writing
- AR 6 Research Paper/Project

**Question 17** Protests have erupted whenever meetings are held to discuss trade liberalization.

**Question 17 a) What causes are promoted by the protestors at these events?**

Anti-globalization protestors see trade liberalization as the root cause of a wide range of problems. These include

- the abuse of workers in sweatshop conditions in poor countries
- the spread of child labour
- the arbitrary movement of large amounts of capital from place to place that can destabilize currencies
- the increasing power of unregulated multinationals that work for the benefit of their shareholders and not for the benefit of people in developing countries
- the degradation of the environment by multinationals that move their operations to poor countries with few or no environmental protection laws
- the spread of American culture to the detriment of indigenous cultures
- the spread of neo-colonialism by transnational companies
- the exploitation of indigenous peoples and their lands

**Question 17 b) Why do so many of these protests become violent?**

- Anarchists in the crowd damage public and private property because they want to spark a violent reaction by the police against the crowd, create mayhem, and destabilize society.
- Protestors taunt the police verbally or with rocks and Molotov cocktails so they will respond with tear gas, water cannon, and truncheons, and the media will have a front-page story.

- A crowd mentality develops in which normally peaceful people get caught up in the frenzy of the moment.
- There is an expectation among some that the protest will turn violent. Members of some groups take training in first aid to help injured protesters.
- Some groups want to create a violent protest because it garners more media attention to their causes.

**Question 17 c) Does this violence help or hinder the causes of various groups?**

Students may take either side of this issue.

*Violence helps the cause*

- Violence attracts media attention, and some groups feel it attracts the public attention to an issue that might otherwise go unnoticed.
- Violence attracts some people with anarchistic views to become committed to a cause.
- Some groups argue that “structural violence” in the current world trading system justifies physical violence against people and property.

*Violence hinders the cause*

- When the public sees violent protests, it forgets the cause and focuses instead on the unruly behaviour and the damage that results.
- Previous violent protests have led organizers to select isolated locations (i.e., islands) to hold their meetings in order to avoid confrontations and to deflate possible protests.
- Known violent protestors who participated in previous demonstrations are turned back at the border where current trade meetings are held.

**Question 17 d) How can protestors who do not promote violence get their points of view across so that the negotiators will take their arguments seriously?**

There are several alternative ways to promote their causes.

- the use of the Internet to send letters to governments and companies stating their case
- the use of the Internet to raise money and promote public write-in campaigns to

demonstrate the widespread support for their views

- as Gandhi demonstrated, the fact that non-violent protests do work when the public is won over to a cause
- the use of the counterculture (alternative) media to send messages to the public and negotiators that reflect the values of anti-globalization groups