

# HL IB Geography



Your notes

## 6.1 Geopolitical & Economic Risks

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## 6.1.1 Threats to Individuals & Businesses

# Technology Threats

## Hacking

- **Cyberattacks or hacking** are a major **threat** to **all internet users**
- They can range from small-scale disruptions to large-scale disasters
- They can have a significant impact on individuals, businesses, and governments
  - A data breach of **French health insurance companies** in January 2024 affected **33 million French citizens**, or nearly half the country's population
  - The attack compromised sensitive dates of birth, social security, and marital status information, but not medical history
  - In 2023, Russian hackers attacked 65 Australian government departments and agencies and stole 2.5 million documents in **Australia's largest government cyberattack**
- **Cybercrime** is on the rise, with over 2.3 million cyber attacks being reported in the UK in 2023 alone, with the average attack costing businesses £3,230 each
- According to **IT Governance**, in December 2023 alone, 2 241 916 765 records were breached, with more than one in four incidents being ransomware attacks
- The 3 most breached sectors are:
  - Finance
  - Manufacturing
  - Healthcare

## Identity theft

- One of the most **rapidly expanding** crimes is identity theft
- Cybercrime is different from other crimes as the victim is usually located away from the offender
- **Identity theft** incidents have increased with the **rise of computers**, many of which have inadequate security
- Also, some **criminals** find identity theft more **attractive** due to the low prosecution rates and lenient sentencing



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- A study of identity theft in the USA found that certain populations were at greater risk than others and included:
  - University students
  - Military personnel
  - The elderly
  - Medical patients
  - Identity theft of the deceased
- Stolen identity can be used for unauthorised purchases, loan applications, or even tax fraud, leading to **financial consequence** for the victim
- People can be **wrongfully accused** of crimes committed under their stolen identity
- Businesses face **financial losses** and it is time consuming to sort claims and rectify identity theft issues

## Personal freedoms

- In 2013, the UN published a report that linked **state surveillance and freedom of expression**
- It was concerned over the threat to the **right to privacy**
- **Modern surveillance** technologies allow states to **intrude** into personal and private lives
- **Unwarranted surveillance** infringes on individual rights to lead a **private life** and is considered an **invasion of privacy**
- Being constantly watched restricts **freedom of speech** and deters individuals from expressing their views, opinions, or concerns openly
- **Data collected** through state surveillance can be misused for political gains, or even sold to third parties
- Excessive **workplace surveillance** creates an atmosphere of distrust, leading to reduced employee morale and productivity
- Businesses face legal and regulatory challenges by violating privacy laws

## Threats to Global Supply Chains

- **Supply chains** stretch across continents, making them susceptible to a variety of risks
- These risks can be
  - **Political**
  - **Economic**

▪ Physical

The Risk and Impact to Supply Chains



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Risk	Impact
<b>Political</b>	Abrupt policy shifts, embargoes, or sanctions can create <b>trade disruptions</b> , <b>Geopolitical tensions</b> , wars, or uprisings in a region severely disrupt supply chains, affecting both sourcing and distribution
<b>Economic</b>	Economic uncertainties or market crashes alter the demand-supply dynamics Fluctuations in exchange rates increase import costs and export profits
<b>Physical</b>	Poor <b>infrastructure</b> causes delays and increases transport costs <b>Natural disasters</b> can stop production or transportation for long periods of time <b>Global health emergencies</b> , like the COVID-19 pandemic, disrupt supply chains by reducing the workforce, production, and logistics



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## 6.1.2 New & Emerging Threats

# Profit Repatriation & Tax Avoidance

- A **state** is a nation, country or territory that has an organised **political community** by one government and over which no other state has any power or sovereignty—in other words, a self-governing nation
- **Profit repatriation** is where the **profits earned** from a foreign operation are **returned** to the company's **home country**
- When profits are constantly transferred and not reinvested in the country, the local economy loses out on potential growth opportunities, such as
  - Infrastructure development
  - Job opportunities
- **Economic dependency** can occur as nations become financially dependent on foreign companies, which limits their economic sovereignty and policy-making
- The outflow of money can influence **currency demand** and **supply**, which can lead to the **devaluation** of currency, making imports more expensive for the host country

## Tax avoidance

- Tax avoidance uses **legal loopholes** to reduce a company's or personal tax bill

### Impacts of Tax Avoidance on State Sovereignty

Impact	Effect
<b>Loss of state revenue</b>	TNCs make large profits in other countries, but pay very little tax, leaving the government with less money for domestic services such as education and health
<b>Economic inequality</b>	As TNCs and wealthy individuals pay less tax, the average citizen often has a higher tax responsibility, leading to economic disparities
<b>Policy challenges</b>	Governments need to constantly update tax laws to close loopholes, leading to complex and extensive regulations
<b>Eroded public trust</b>	The idea that the wealthy or big corporations evade taxes, diminishes public trust in governmental and financial systems



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## Disruptive Technologies

- Advancements in technology can drive progress but also challenges state sovereignty, particularly when regulations are unable to keep pace
- The rise of **drones**, both commercial and leisure, has raised issues in multiple sectors

### Impact of Drones on State Sovereignty

Sector	Impact
<b>National Security</b>	Border security is challenged as drones can easily cross over, bringing drugs or conducting illicit surveillance  Drones can be weaponised, avoid national security measures and used in terrorist attacks
<b>Privacy</b>	Drones equipped with cameras can infringe on personal privacy, leading to potential legal and ethical issues
<b>Airspace</b>	With the number of drones increasing, airspace management to prevent air collisions becomes vital

## 3D printing

- This technology has huge potential but also carries risks
- There is the potential for 3D printers to produce **firearms** or other **weapons**
  - The ease of production bypasses state regulations, leading to illegal weapons being circulated around the globe, particularly as many of the components are not identified on X-ray in airports
- 3D printing can **replicate patented products**, leading to intellectual property infringements, and challenging states to enforce protections
- As 3D printing becomes **more accessible**, traditional **manufacturing** industries may **suffer**, leading to economic shifts and potential job losses

## Cyber Threats

- Cyber threats directly challenge state security through:
  - Some nations might employ **state-sponsored attacks** by using hackers to disrupt another country's infrastructure or steal sensitive information, leading to geopolitical tensions
  - Targeting **financial institutions** can cause huge financial losses and undermine economic stability

- Vital **infrastructure**, such as energy grids, can be targeted, potentially crippling a nation



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### 6.1.3 Geopolitical Tension

## Increased Globalisation

- There are many reasons for the increasing levels of globalisation, which are dependent on the 'character' of the country itself



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*Factors leading to increased globalisation depends on the country*

Factor	Impact
<b>Political Change</b>	Each change of government influences trade deals, e.g. exports increased when China joined the World Trade Organisation
<b>Transport and Communication</b>	Advances in transport and technology have made it easier and cheaper for buyers and sellers to connect





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<b>Rise in TNCs</b>	The increase in the number of TNCs operating globally has increased pressure on countries to engage in free-trade
<b>Flows of Investments</b>	Foreign direct investment (FDI) increases jobs and wealth and allows business to operate in countries where they may have faced trade barriers
<b>Migration and Global Labour Force</b>	The ability to move from place to place has increased the global labour force, especially in growing economies such as India and China
<b>Sector Change and Offshoring</b>	When a country changes its main industry sector and moves production off-shore, it speeds up the process of globalisation

- These factors have led to modern globalisation
- However, this has affected places differently, such as:
  - Variations in poverty
  - Resource availability and accessibility
  - Government policies and attitudes for and against globalisation
- This has resulted in some groups of people viewing it as a process that has **improved** other people's lives but **made** their **own worse**
- Resistance movements have grown within countries that oppose '**business as usual**' politics and support globalisation
- Opposition groups, such as Occupy, do not want a return to a pre-Internet age but want the influence of global corporations and financial institutions reduced
- These groups support global citizenship and use media networks to spread a global anti-capitalist message



### Case Study

- The South China Sea Dispute highlights how nationalism can escalate geopolitical tensions and potential conflict
- The South China Sea's have a wealth of resources and are an important trade route
- This has led to territorial claims by multiple nations
- China has made sweeping claims of sovereignty over land and waters, which have angered competing claimants like Vietnam, the Philippines, Taiwan, Malaysia and Brunei



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- China has backed its claims with island-building and naval patrols, leading to potential flashpoints
- The dispute has caused diplomatic tensions, with countries like the US taking sides, further complicating the situation
- In early 2023, the Philippines claimed that Chinese vessels had been shining lasers at boats to temporarily blind their crew
- Other claims include dangerous manoeuvres by sailing too close, blocking the Filipinos' path and firing water cannons at vessels



### Examiner Tips and Tricks

Do not confuse nationalism, tribalisation and tribalisation of politics.

**Nationalism** is a common identity at a national level.

**Tribalisation** is organising a society into groups/tribes and promoting a tribal identity and customs.

**Tribalisation of politics** is the growth of **political** groups opposed to the continued rise of globalisation and westernisation.

## Renewed Nationalism

- **Renewed nationalism** has resulted from the **growing unease in rising inequality** and poor economic growth within developed countries
- The more recent increase in nationalism has been partly because of the financial crash of 2008 along with **rising immigration, particularly across Europe**
- Globalisation has brought many changes, and people are looking for security and **stability** in national or local features such as a **shared culture, history or language**
- This new nationalism has many forms
  - **Protectionist** policies, such as trade barriers
  - Policies **favouring** domestic workers
  - **Anti-immigration** measures
  - **Nationalisation** of resources
- A country facing economic decline and lack of opportunities comes to view globalisation and what it stands for as the root cause and **resentment** grow
- Examples of renewed nationalism include:

- The UK's vote for Brexit
- The election of President Trump
- The EU's growth of right-wing political parties
- Summit meetings of the powerful G7 and OECD groups agree that there needs to be a reduction of inequality and improvement of benefits
- This would reduce political tribalism and the rise of disruptive and sometimes dangerous populist movements



## Case Study

### Brexit, 2016

- This was a significant geopolitical event and highlighted the **complexities** between globalisation and nationalism
- The European Union (EU) represents integration and cooperation but found itself at odds with rising nationalist sentiments in the UK
- Many in the UK felt their economy was tied too closely to EU regulations, leading to perceived economic disadvantages
- Rising immigration from EU countries led to concerns about British cultural erosion and job competition
- The EU's influence in British laws became contentious, fuelling a rise in the loss of sovereignty



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