HL IB Geography

Your notes

4.3 Human & Physical Influences on Global Interactions

Contents

4.3.1 Political Factors on Global Interactions

Your notes

Multi-Government Organisations

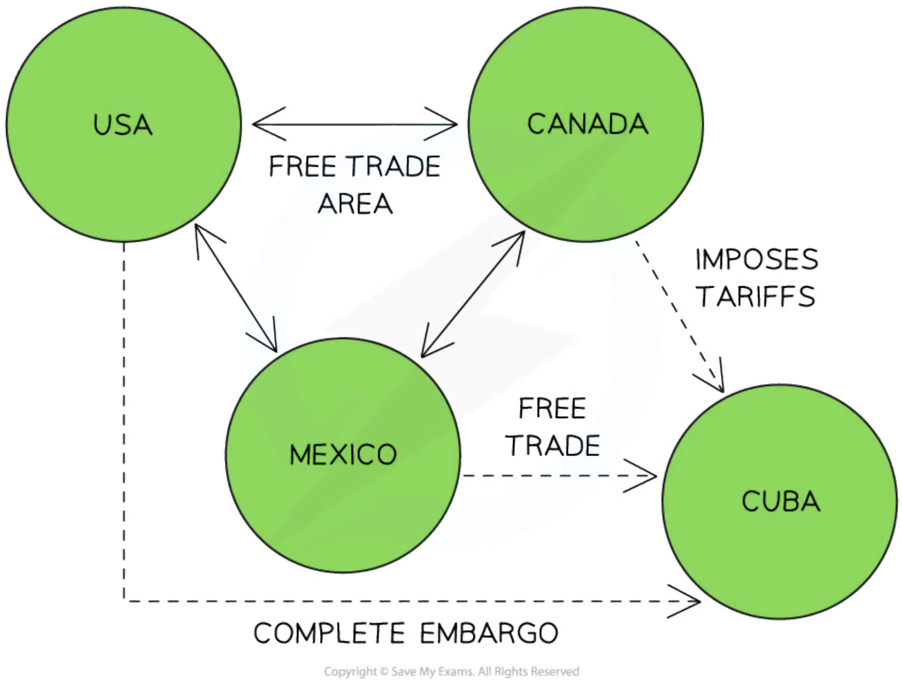
- Multi-Government Organisations (**MGOs**) are organisations or countries that come together to form a single unit, mostly for trading purposes
- Some are **international**, such as the UN, World Bank and IMF, while others are **regional**, such as when Armenia made an agreement with the EU in 2019 to create the EU-Armenia regional trade agreement (RTA)
- MGOs **allow** state boundaries to be crossed to facilitate the free movement of goods, services, finance and ideas
- Members are encouraged to end tariffs and promote the exchange of ideas in areas of security, trade, etc
- They are seen as promoting global interactions as they encourage different people to become one
- Organisations such as the UN maintain international peace and have substantial influence on global geopolitics
- MGOs such as the WTO and IMF dictate international trade rules and financial regulations, influencing global economic health, trade tariffs and development policies
- The World Health Organisation (WHO) and the United Nations Environment Programme (UNEP) tackle global challenges, from pandemics to environmental issues, and guide national health policies and environmental strategies
- MGOs such as UNESCO promote cultural exchanges, safeguard world heritage sites and set international educational standards

Regional MGOs

- Regional MGOs have agreements between countries within the same geographical area
- These are normally referred to as **trading blocs** and **allow free trade between member countries but impose tariffs on external countries** that trade with them
- As of January 2024, there were 361 regional trade agreements in force around the world
- There are different types of trading blocs with different levels of economic integration, ranging from a low level of integration, such as a bilateral agreement between two countries, to a high level of integration, such as the EU
- **Free trade areas** are blocs in which countries agree to abolish trade restrictions between themselves but keep their own restrictions with other countries

Your notes

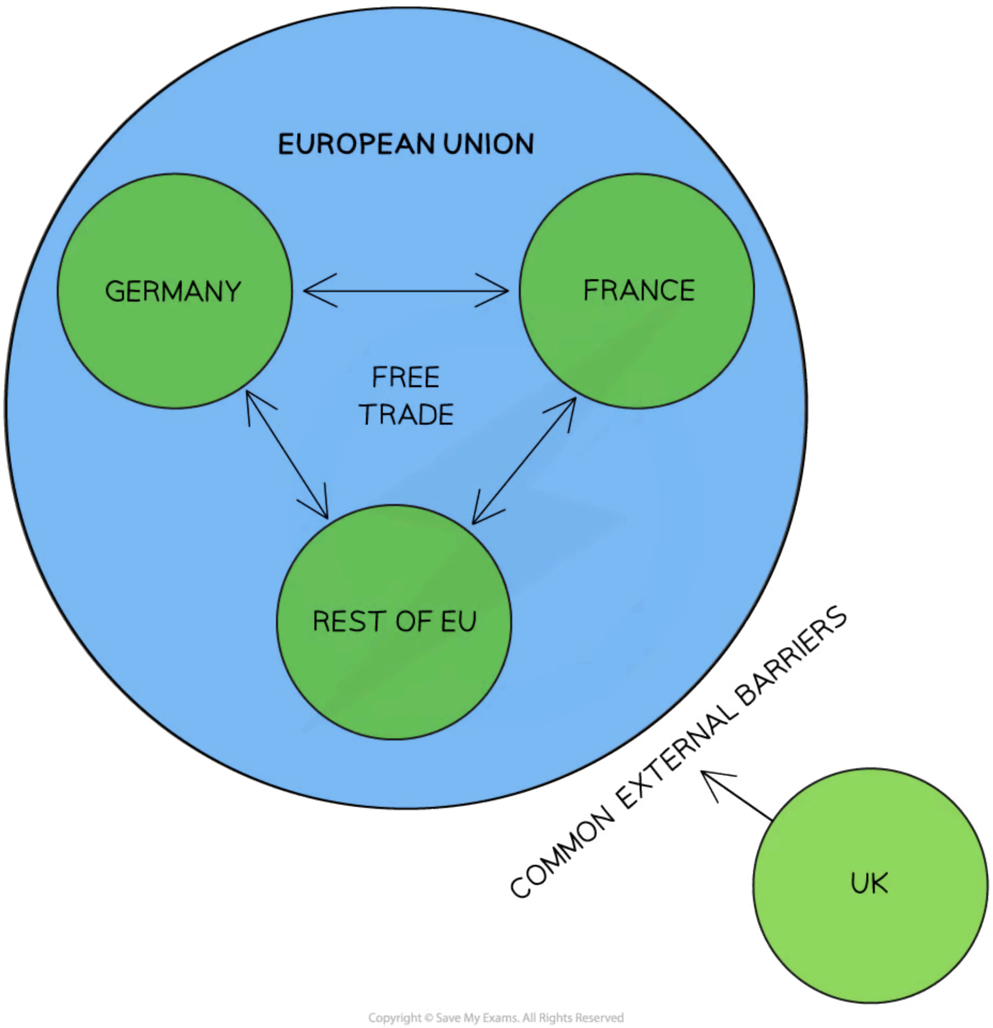
- An example is USMCA: (United States-Mexico-Canada Agreement), previously known as NAFTA (North American Free Trade Agreement),



Mexico, Canada and the USA have a free trade agreement between themselves but deal individually with Cuba. Mexico trades freely with Cuba, Canada imposes tariffs, and the USA heavily restricts imports from Cuba.

- **Customs unions** such as Mercosur in South America operate as a form of economic cooperation by having a common external tariff on overseas imports

Your notes



Countries in the European Union have eliminated all tariff barriers between themselves but impose common tariff barriers on third party countries such as the UK or China

- **Common markets** are custom unions that also allow the free movement of people and capital within the member nations
- **Economic unions** such as the EU (European Union) allow groups of nations to trade freely but also allow the free movement of people and capital. All member nations must have common policies on various sectors such as agriculture, employment, industry, regional development, etc.

Your notes

Free-trade blocks

Advantages and Disadvantages of Trading Blocs

Advantages	**Disadvantages**

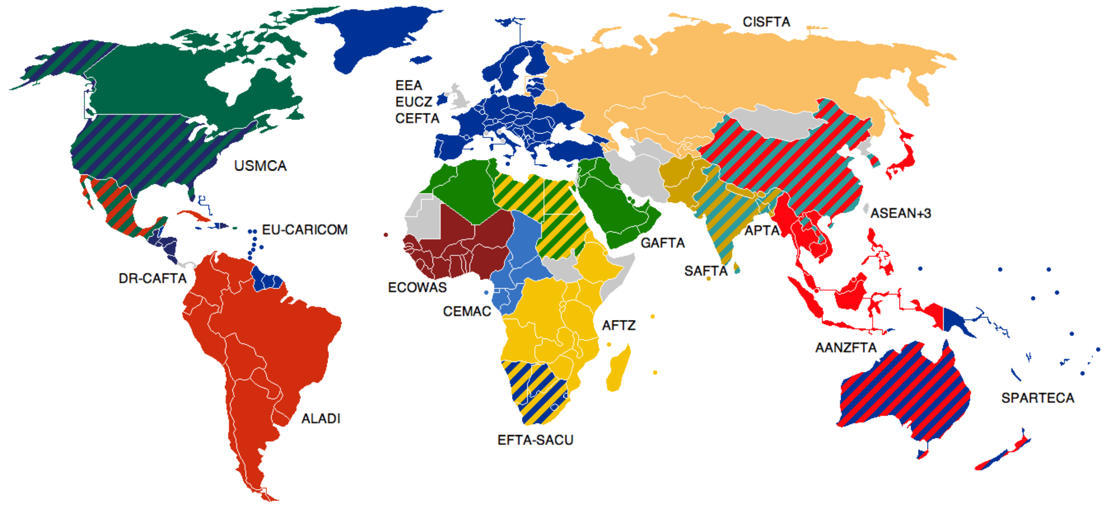
Greater access to markets offer the potential for **economies of scale** With freedom of labour, there are **greater employment opportunities** Membership in a trading bloc may allow for stronger **bargaining power** in new multilateral negotiations **Greater political stability** and cooperation between the countries within the bloc due to the increased interdependence **Trade Creation** Trade creation occurs when a regional trade agreement (RTA) leads to the expansion of trade between member countries. By eliminating or reducing trade barriers, such as tariffs or quotas, within the agreement, member countries can access new markets and increase their trade volumes.	**Loss of sovereignty** as nations increasingly give up their autonomy, perhaps most visible when joining a monetary union (nations lose the ability to set their own monetary policy) **Multilateral trading negotiations** become more challenging as countries within a trading bloc have to maintain the existing bloc rules when dealing with third-party countries **Trade Diversion** Trade diversion occurs when a regional trade agreement redirects trade away from **more efficient external suppliers** towards less efficient internal suppliers. It can sometimes lead to higher costs and reduced efficiency due to the **loss of access to lower-cost suppliers outside the agreement**.

Your notes

Free Trade Zones

- Free Trade Zones (FTZs) are specific areas where goods undergo processing, storage, and re-exportation, often without being charged standard customs duties
- FTZs are usually located in areas with global access for trade, such as major seaports, international airports and national borders
- As goods in FTZs are not charged customs tariffs, this makes imports and exports more viable and cost-effective
- FTZs boost exports by offering business incentives to produce goods, mainly for international markets
- FTZs encourage foreign investors, leading to improvements in international businesses, stimulating local economies and increasing employment
- Countries increase trade relations, economic ties and interdependence through the removal of tariffs
- FTZs improve customs procedures and become key hubs/nodes in global supply chains, ensuring faster delivery of goods and refining international logistics

Your notes



Free trade areas with three or more member nations. Updated to reflect UK leaving Europe and USMCA (nee NAFTA) Image Wikimedia Commons 2023

Export-processing zone (EPZ)

- An **export-processing zone (EPZ)** is a type of FTZ that is usually set up in developing countries by their governments
- EPZs encourage industrial and commercial exports
- The World Bank defines an EPZ as

> [an] industrial estate, usually a fenced-in area of 10 to 300 hectares, that specialises in manufacturing industrial and commercial goods purely for export. It offers firms free trade conditions and a liberal regulatory environment.

- Its main purpose is to attract foreign investors, partners, and buyers who can help a country enter the world trade market for industrial goods
- This helps to generate employment and foreign exchange for the host country
- In 1997, 93 countries had set up export processing zones, employing 22.5 million people
- By 2023, **more than 5 400** EPZs were in existence worldwide, located both in developed and developing economies, employing more than 70 million people
- The majority are in Asia, with China accounting for more than half of all EPZs

4.3.2 Economic Migration on Global Interactions

Your notes

Controls & Rules

- A political factor that affects global interaction are the rules and controls around economic migration
- An economic migrant is someone who moves from one region to another for work and a better standard of living
- **Globalisation** has encouraged the **flow** of migrants around the world, which is important to the **global economy**
  - In **1970,** approximately **90 million** people were living in a country they weren't born in
  - In **1990,** that figure had increased to approximately **153 million**
  - In **2020,** it was estimated to be **281 million**
- The main trends in international migration are:
  - Migration is **more global**; people are moving greater distances than ever before from a wider pool of countries
  - Migration is **accelerating**; the number of migrants is rising in all regions
  - Migration is **more diverse;** there are more types of migrants, including permanent migrants, refugees, skilled workers, trafficked and forced people, retirees, etc.
  - **Female migration** has steadily **increased;** the UN estimates that approximately 50% of all international migrants are women. The majority of them migrate in their own right and voluntarily
- **Migration increases global interdependence** and governments face challenges in providing for migrants and refugees
- This has resulted in disagreements over whether migration has an overall positive or negative impact on the receiving or host country
- Furthermore, increasing globalisation and the combination of migrants make it hard for governments to restrict migration
  - Shifts in manufacturing jobs from highly developed, high-wage economies to less developed, lower-wage-paying economies has increased the demand for workers
- Many countries have attempted to restrict migrants, which **varies between** countries depending on migration policies and levels of global economic engagement
  - **Singapore encourages international migration**
  - **Australia and New Zealand have barriers in place**

Your notes

- Overall, migration is important for the growth of an economy
- In the USA, economic prosperity is linked with the country's ability to attract skilled and unskilled migrants
- In Japan, due to the ageing population, migrants are needed to increase the size of the working population
- However, many people and countries still want to control migration

EXAMINER TIP

Do not make generalised statements about attitudes to immigration

- Be as specific as possible:
  - Many employers want a high rate of immigration because it increases the labour pool, particularly in the hospitality sector, where there is a naturally high turnover of staff
  - However, trade unions can oppose immigration as it keeps wages higher than they would otherwise be through competition by workers seeking job opportunities

Case Study: Management of Migration

UK's management of immigration since 1950

- After the end of the Second World War, there was a serious shortage of labour to help rebuild the country
- The UK encouraged immigration from Commonwealth countries, particularly British colonies of the Caribbean, India, Pakistan and Bangladesh
- By 1971, over a million people had migrated from Commonwealth countries and the UK implemented controls to reduce the number of future migrant arrivals
- By the 1990s, the UK found itself short of labour once again
- With the collapse of communism in Eastern Europe, there was an influx of people looking for work and a decent wage
- When the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia joined the EU in 2004, many people from these countries made their way to the UK
- Initially, very few of these migrants intended to remain in the UK, they intended to return home after they had made enough money
- Many of these migrants were young (aged between 18 and 34 years) and half came from Poland
- During the 2009 recession, job opportunities began drying up and many Eastern Europeans returned home

- **Free movement** within the EU meant that the UK had no control over their borders
- Many UK nationals began blaming these economic migrants for taking their jobs and abusing the UK's benefits system
- With net immigration running at 300 000 a year, the control of immigration was one of the key issues in the UK's Referendum to leave the EU in 2016
- However, critics ignore the fact that:
  - Migrants contribute to the economy through paid taxes and do the jobs others don't want
  - Many migrants are employed in low-paid, menial jobs such as factories, hotels, farming and care homes
  - Migrants may have a strong work ethic, which benefits employers, although some employers exploit this
  - Less than 5% of economic migrants receive any form of state benefit
- Today the UK operates a points-based system
- People are awarded points depending on their skills, previous income and age
- This system gives some people visas to allow them entry into the UK for work or study

Mexico/US border

- Between 1900 and 1920, 24 million new arrivals were registered due to the 'open door' policy of that time
- Subsequently, migration restrictions have been introduced, with the US Green Card becoming harder to obtain
- Now, there are approximately 40 million non-US-born citizens, with many more undocumented, illegal migrants
- In recent years, the number of Mexicans leaving the United States has been greater than inward migration, even though the country remains the top destination for Mexican emigrants
  - Due in part to increased immigration enforcement and to a strengthening Mexican economy
- Since 2013, Mexico stopped being the top country of origin to the United States, overtaken by India and China
- In fact, most migrants into the US, are more likely to be college graduates, than field workers of prior decades
- Despite the agreement on free trade between Mexico, the USA and Canada, their **immigration policies are not equal** and the dispute along the US and Mexican border is ongoing

Your notes

Your notes

Gains and Losses for Mexico

Costs	**Benefits**
Large scale depopulation of towns and villages	Migrants send home remittances
Many men migrate, leaving a majority of women who have problems finding marriage partners	Remittances can then support a better standard of living for those left behind
Migration can break up families	Builds better housing, healthcare and education
Young people tend to migrate, leaving the old and very young dependents behind	There is less competition for jobs and housing in Mexico
Rural areas of Mexico have shortages of economically active people and lack key workers (doctors, teachers, etc.	Returning migrants have the potential to bring back knowledge, skills, education and culture if or when they eventually return to Mexico

Gains and Losses for USA

Costs	**Benefits**
Unskilled American workers find it harder to get jobs, as they want a higher wage than Mexican migrants	Businesses have benefitted as they now have a source of cheap labour and higher profits
Wages are kept low and all workers are affected	Mexicans are prepared to do many of the jobs that Americans do not want, such as fruit picking or factory work
Increased cultural and racial tension, especially in the towns	Large numbers of Mexicans have brought their culture and food with them, making Mexican food very popular in California (Mexifornia)
Illegal migration is seen as a drain on the American economy: border patrol costs, holding centres, prisons, transport costs for repatriation, health care, etc.	More competition for jobs and housing in USA, which benefits landlords and businesses

The USA spent $4.2 billion on US/Mexico border security in 2020	Mexican immigrants contribute approximately 4% to the USA's GDP

4.3.3 Data Flows on Global Interactions

Your notes

Global Data Flows

- Connections around the globe are:
  - **Faster:** faster speeds for talking, travelling, money exchange, etc
  - **Deeper:** connecting lives with faraway places
  - **Longer:** connecting links between places are further apart
- Developments in flows have made globalisation what it is today—a **shrinking world**
- These connections are considered **network flows** to places and populations through **four** significant developments:
  - Appearance of large transnational corporations (**TNCs**)
  - Growth of regional economics and **trading blocs**
  - Development of modern transport networks
  - Advances in **IT** and communications, particularly the **WWW** and the **internet**
- The flow of digital information has become seamless, surpassing geographical boundaries and has shaped the modern era
- Digitalisation has lowered the cost of cross-border communication and transactions, allowing businesses to connect with each other and their customers around the globe
- NICs and LICs are slowly closing the gap on global connectivity
- Some of the challenges of the digital age include:
  - Companies have to adapt to pricing pressures and digital security
  - New communities are created by social media, but it also increases social pressures on users and is a method of spreading violence and extremism
  - Global data flows have benefited many countries and small businesses, allowing them to compete on the global market, although goods still have to be physically delivered
- E-commerce represents 13% of the global goods trade
- Approximately 50% of the world's traded services are digitised
- The flow of digital goods is instantaneous, e-books, apps, online games, music and streaming services are all common place

- Meta (Facebook) noted that they have around 50 million small and medium businesses on its platform
- Digital platforms allow companies to reach further than their local market
- Global flows are uneven and are spread narrowly, with Singapore, Europe and the USA at the centre of the global digital network

EXAMINER TIP

Remember that not everyone benefits from the 'shrinking world'. There are many losers, such as the elderly, migrants and refugees, who do not or cannot have the same access to or ability to use the internet. Some countries, such as China and North Korea, heavily censor access to the internet.

Transport Development

- There has been a reduction in the **frictional effect of distance** as greater distances can be covered in less time
  - **Steam power**: steam ships and trains moved goods and armies along trade routes quickly in the 1800s
  - **Railways**: railway networks expanded globally in the 1800s and remains important for governments globally, e.g., the High Speed 2 Railway plans to link London to Birmingham and some parts of northern England, which will reduce some journey times by a half
  - **Jet aircraft**: intercontinental jet aircraft made international travel easier with the arrival of the intercontinental Boeing 747 in the 1960s
  - **Container shipping**: has been vital to the global economy since the 1950s
- The growth of low-cost airlines and high-speed rail networks allows larger numbers of people to travel easily from one country to another
- Larger volumes of goods are transported between countries more quickly and easily due to the improvements in transport
  - **Containerisation** has been one of the most significant changes that has increased the rate of globalisation—today, the largest container ships carry 24 000 containers
  - Larger, faster planes and reduced costs have also contributed to the movement of goods

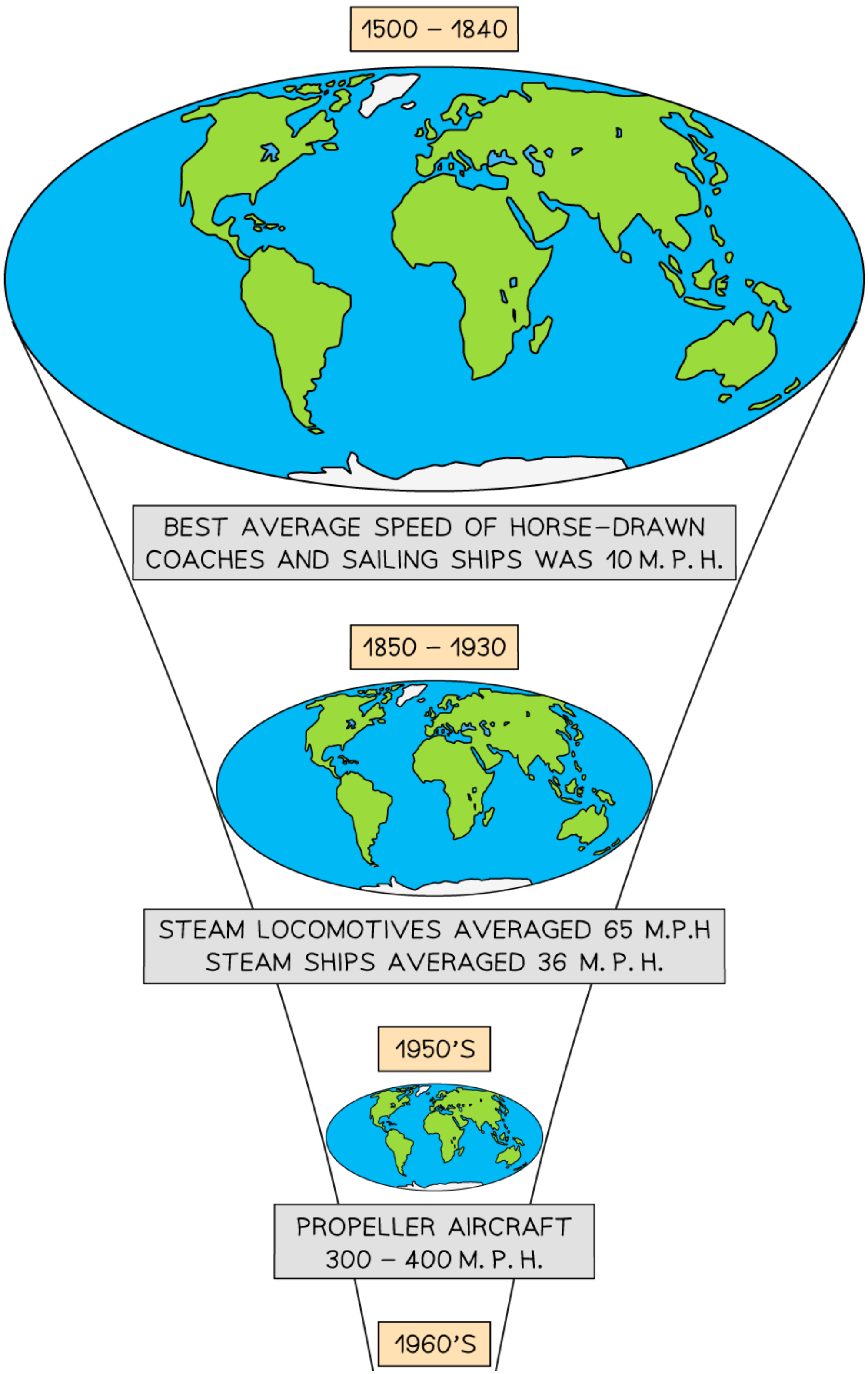
Communication Infrastructure

- Digital communications through computers and mobile devices allow people to communicate with each other quickly and freely all over the world
- Technological developments such as **fibre optics** and **satellites** have enabled large volumes of data to be transmitted long distances at high speeds

Your notes

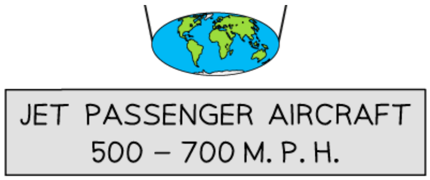
- The **internet** enables instant communication via email, social media, and text and video messaging services
- This ready access to information and communication contributes to a **shrinking world effect** and is also known as **time-space compression**

Your notes


1500 – 1840
BEST AVERAGE SPEED OF HORSE–DRAWN COACHES AND SAILING SHIPS WAS 10 M. P. H.
1850 – 1930
STEAM LOCOMOTIVES AVERAGED 65 M.P.H
STEAM SHIPS AVERAGED 36 M. P. H.
1950'S
PROPELLER AIRCRAFT
300 – 400 M. P. H.
1960'S

Your notes

Your notes



Time-space compression

4.3.4 Physical Influences on Global Interactions

Your notes

Resource Availability

- A key factor on the ability of a country to develop and interact globally is its physical environment
- Countries with natural resources are more globally interactive, with the potential for trade
- However, they are not necessarily more globalised
- Some countries are resource-rich but cash poor, such as the Democratic Republic of Congo (DRC)
  - The DRC is considered the world's richest country in terms of wealth in natural resources
  - Most of the deposits are untouched and worth an estimated $24 trillion
  - Deposits include the world's largest coltan reserves and considerable amounts of cobalt
  - Despite this, the DRC is the 4th poorest country in the world
  - The World Bank estimated that 76% of Congolese people lived on less than $2.15 a day in 2023
- Countries that are rich in resources and continue to exploit and export them include South Africa, Australia and Canada
- HICs like the UK and Germany have used and exported the bulk of their natural resources and have had to diversify to continue their global interactions
- MICs and LICs rich in raw materials, such as Brazil and South Africa, follow a similar path, using the wealth from exporting their raw materials to develop but they have also diversified and have a broader based economy
- Countries with a heavy reliance on a single resource, called **commodity dependence**, such as Ghana and cocoa exports, are vulnerable to weather extremes, disease, currency fluctuations and competition as they lack an alternative way to earn overseas money

Geographical Isolation

- Isolation from global interactions is a barrier to development
- Landlocked countries have:
  - Increased time and transport costs reduce access to markets and profitability
  - Pay extra tariffs to export their goods
    - South Sudan has to pay Sudan or Kenya to get its oil to the coast
  - Pay for the use of another country's airspace

Your notes

- Geographically isolated regions have limited flows of knowledge, which can reduce effective production innovation
- Other physical factors contributing to geographical isolation include mountains, oceans and a lack of suitable coastlines for ports
- Many geographically isolated areas are globally unconnected and struggle to establish trade links with other countries
  - Or the costs and benefits of linking outweigh each other
  - Leaving regions underrepresented in global decisions and discussions
- Unlike regions such as Singapore, which developed its ports due to its strategic location on the Malay Peninsula, the area is a natural stop-over and hub for global ocean trade