

LECTURE 6: GLOBAL FORCES

A. Paths to prosperity:

Since the fall of communism, a lot has been said about globalization - the tendency for the global economy to function as one unit, with increasing interdependence between different parts of the world.

In terms of economic development, the world is divided into:

- the rich industrialized countries or advanced economies of the West. (The West is taken to include countries such as Japan and Australia.)
- the developing countries or less-developed countries (LDCs). Some are rural economics with very little industry. Others are at various stages of industrialization - they are newly industrialized countries (NICs). Some of these are middle-income countries. And some, such as the fast-growing economics in SE Asia like Taiwan and Singapore - the Asian tigers - are reaching the West's levels of wealth and prosperity.

People who want to emphasize the difference between the industrialized and the less-developed countries of the world often refer to the North and the South. Before the fall of communism, developing countries were referred to as the Third World, but this label is now falling out of use.

B. GDP and GNI:

The prosperity of a country is measured in terms of GDP (Gross Domestic Product), the value of its economic output: all the goods and services produced there in a year. GDP per capita is the total output of a particular country divided by the number of people living there.

High national income can mean high living standards - high levels of wealth for people - but it depends on income distribution - the way that money is divided among the people of the country.

Prosperity can also be measured in terms of GNI (Gross National Income). This includes money coming into a country from investments abroad, minus money leaving the country to go to investors from abroad. This is the new name for what used to be called GNP (Gross National Product).

C. Globalizing trends:

The supporters of globalization, the way that the world's economy increasingly functions as one unit, say that it will continue to cause growth and prosperity- to spread thanks to:

- free movement of capital: money for investment can be easily moved around the world
- trade liberalization: obstacles to international trade are gradually being removed.
- shipping costs that are ever-declining thanks to the efficiency of containerization.
- telecommunications and computing costs that have fallen dramatically.



6.1. Complete the crossword with appropriate forms of expressions from A and 15 opposite.

Across:

4- High levels of wealth can mean high (6,9)

10- The way wealth is spread (or not) through the population. (6,12)

11- See 3 down

12- Abbreviation for 5 down. (3)

13- Some refer to rich countries as the (5)

Down:

1- Nation in the process of industrializing (10,7)

2- Advanced economies are (14)

3- and 11 across Countries depending on agriculture. (5,9)

4- Some -developed countries have a more rural economy. (4)

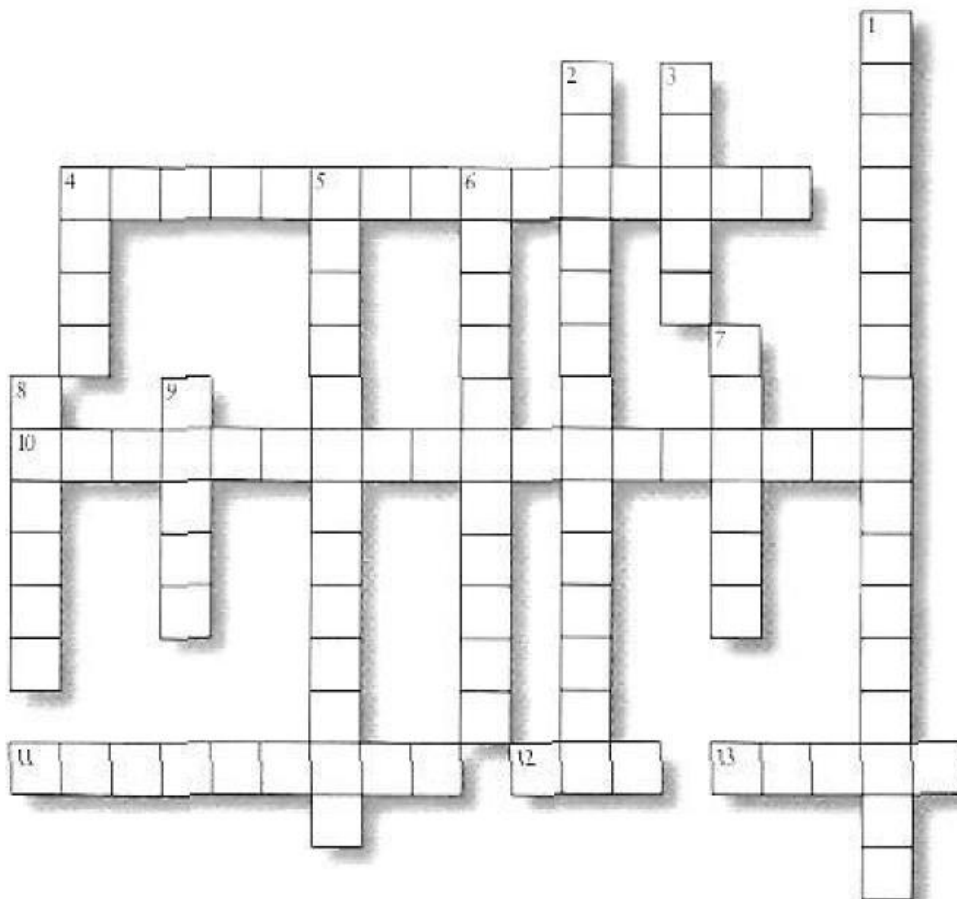
5- The total value of a country's goods and services is its products. (5,8)

6- The successful economies of SE Asia. (5,6)

7- The value of goods and services produced is economic..... (6)

8- Between rich and poor:-income countries. (6)

9- Some refer to poorer countries as the (5)



6.2. Match the examples of globalization (1–4) to the trends in C opposite.

1. The charge for transporting a whole container of goods across the Pacific can be as little as \$50.
2. In today's money, the cost of three-minute phone call from London to New York in 1930 was £200.
3. There are no taxes on goods traded within the European Union.
4. We can invest in some Asian countries and bring back our profits without penalty.

6.3. Over to you:

Can the level of development of a country be measured by GDP alone? If not, what other factors should be taken into account?

Imagine that you are your country's minister for industry. Write an invitation to the chief executives of foreign companies saying why your country is a good place to invest.