



FOREIGN
AFFAIRS AND
TRADE

A globe where the continents are formed by newspaper clippings. Visible words include 'China', 'Yen', 'Technolog', and 'Japanese hopes'.

Globalisation:

Keeping the Gains

Student Guide



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INTRODUCTION

A day hardly goes by without reference made to globalisation in the media. Issues and debates swirl around the concept of globalisation. What does globalisation mean for the Australian economy and the rest of the world? How can the gains associated with globalisation be maximised and the costs limited? These are important issues for students living and working in the 21st century.

The report by the Department of Foreign Affairs and Trade's, Economic Annalytical Unit, *Globalisation: Keeping the Gains* provides students with resource material which unpacks many of the issues and debates using data, evidence and case studies.

This student guide contains activities that are process driven and incorporate key skills of investigation and communication.

Developing national competencies such as problem solving, researching and organising data and co-operative group work have also been included.

The student activities have been written to encourage teaching for quality learning - the activities:

- Provide opportunities for choice and independent decision-making
- Promote thinking and discussion which is exploratory, tentative and hypothetical
- Encourage students to learn from other students' questions and comments
- Use a wide variety of intellectually challenging teaching procedures
- Develop students' awareness of the 'big picture': how the various activities fit together and link to the big ideas
- Encourage students to question current media comment,
- Promote informed debate, and
- Engender in students the ability to make informed decisions about their own and the global economy.

INTRODUCTORY ACTIVITIES

1. Before reading *Globalisation: Keeping the Gains*, brainstorm ideas about what the title means? Who might it relate to? Identify some of the 'big ticket' issues facing the global economy.

2. Think, pair, share activity

For 5 minutes, individually brainstorm your ideas about the meaning of, and perceptions associated with, globalisation. Record your ideas.

For 5 minutes share your ideas with another student.

In pairs, devise a definition for globalisation and draw up a table which records your shared perceptions about globalisation using headings related to positive ideas/images/perceptions and negative ideas/images/perceptions and any questions your discussions may have raised.

Report back in a whole class feedback session.

Student pairs should record their questions on 'post-it' notes or other paper. The questions should be pinned to the wall of the classroom. These questions should be explored through a unit study on globalisation, using the report *Globalisation: Keeping the Gains* to assist your understandings. These questions could also form the basis of individual research assignments. As you work through this unit, take your question down when it is answered.

On the basis of the class discussion a definition of globalisation should emerge. You should compare the class definition with definitions used by economists.

CHAPTER 1

1. Prepare a report outlining the main drivers of globalisation. In your report, discuss the role of technology and trade liberalisation.
2. Explain the reasoning behind these statements
 - Globalisation is a new word for an old process
 - Globalisation is a natural extension of a liberal society.
3. '...opening economies to international trade and investment promotes their growth, reduces poverty levels and improves equity.'
 - (a) Explain the meaning of the underlined terms and phrases
 - (b) Explain the relationship between economic growth and equity
 - (c) Explain how trade and investment can assist to reduce poverty
 - (d) Provide evidence to support this statement.
4. Explain the relationship between economic growth and the environment, first in the early stages of industrialisation, and secondly as economies develop.
5. Some groups oppose globalisation believing it harms labour, increases global poverty and inequality and degrades the environment, while others believe that trade and foreign direct investment can help an economy grow faster and so move to higher income levels and better environmental outcomes more quickly.

The following 'postbox' activity will allow you to explore a range of views on these issues. Consider the following statements. Record your opinion about the 6 statements below, outlining reasons why you agree or disagree with the statement (each response should be on a separate piece of paper).

- (i) Tariffs protect local jobs
- (ii) Foreign investment is good for the economy
- (iii) Openness to trade does boost economic growth
- (iv) Globalisation is bad for workers
- (v) Globalisation increases world poverty and inequality
- (vi) Globalisation is a threat to the environment

Post your responses in numbered boxes or envelopes, one for each statement.

The class is divided into 6 groups. Each group is allocated one 'postbox'. In your group, read all class responses, categorise and summarise the answers.

Compare class responses to the ideas presented in Chapter 1 of *Keeping the Gains of Globalisation*.

Research the hypothesis your group has been allocated. Provide evidence to support or refute the hypothesis.

The groups are to prepare an oral presentation of about 3-5 minutes to the class comparing class responses to their research findings in the publication (the presentation could be made using overheads or *Powerpoint*)

Groups present their findings.

Lesson 'cool down' (or Homework) – you are to record responses to the following

Have your opinions to the 6 statements changed? Explain why or why not.

Why do you think it is important to explore these ideas about trade, investment and globalisation in the Australian economy?

Write a question you would like answered or that could form the basis of further investigation following this lesson.

CHAPTER 2

1. Carry out a positive, negatives and interesting points (PMI) analysis of foreign direct investment and its effects on developing economies.
2. To capture the benefits associated with globalisation, examine the characteristics, features and factors required of an economy.
3. List the characteristics associated with good economic and corporate governance.
4. Discuss some of the difficulties an economy could face trying to transform itself from a 'poor' governance country to a 'good' governance one.
5. Imagine you lead a consortium of international investors.

Prepare a list of criteria you would use as a basis for whether you would recommend investment in an economy.

6. Select an economy which has been referred to in Chapter 2 for example, China, Russia, Poland, Uganda, Peru, etc.

Research the economy selected outlining its recent economic performance.

Write up a case study of that economy, explaining why this economy is achieving improved economic performance or why this economy continues to underperform.

Report your findings to the class.

CHAPTER 3

1. Explain the meaning of these terms giving examples where appropriate
 - Trade barriers
 - Trade liberalisation
 - Regional trading agreements
2. Investigate and write a report on the role and purpose of the World Trade Organisation (WTO.)
3. Imagine you are a reporter for a large daily newspaper. Prepare a news article which explains the aims and timelines associated with the Doha round of negotiations. The article should outline how developing economies would benefit from the reduction or removal of trade barriers against labour intensive manufactures and agricultural products as well as discuss the implications for the Australian economy.
4. In small groups, select one of the following organisations and research their purpose and role in world trade. Report your findings to the class.
 - EU
 - ASEAN
 - NAFTA
 - APEC
 - The World Bank
 - OECD
 - IMF
5. Examine the impact of the use of agricultural subsidy schemes by developed countries. In your answer, discuss the impact of low commodity prices on farmers in Australia.
6. Discuss the reasons why developed economies spend around US\$1bn per day on supporting their agricultural sectors.
7. Investigate what the Australian government has done to assist farmers who suffer from low commodity prices.
8. Outline the costs of global trade barriers to developing economies.
9. If trade would assist in reducing world poverty more than aid, why do developed nations still give aid?
10. Conduct a debate on this topic: Foreign aid should only be given to countries that have carried out major economic and governance reforms.

CHAPTER 4

1. Draw a timeline for Australia across the period 1975-2003. Annotate the timeline to show the key economic reforms that were introduced.
 2. Prepare a newspaper feature article which explains Australia's tariff reform program and the impact this program has had on the level of economic activity in Australia.
 3. The OECD has recently called the Australian economy the 'Down Wonder' economy. Discuss how various Australian governments have transformed the economy over the last 20-30 years. Summarise the key features associated with this transformation. Are there lessons/strategies that would be appropriate for other economies?
 4. Select one of the following reforms and in small groups research your reform. Prepare a report that will be presented to the class which
 - Describes the reform process
 - Explains when and why the reform was introduced
 - Examines the impact of the reform on the Australian economy
 - Considers whether further reform is possible
 - (i) financial market deregulation
 - (ii) exchange rate liberalisation
 - (iii) labour market reform
 - (iv) taxation reform
 - (v) privatisation
 - (vi) national competition policy
5. Australia possesses strong institutions and government standards. Explain how this assists firms' and citizens' ability to benefit from globalisation. Provide examples of institutional and regulatory reforms Australia has undertaken over the past two decades, which strengthen the Australian economy's ability to adapt to globalisation.
 6. Outline the costs and benefits for Australia of opening to world markets and undertaking other reforms. Do the benefits outweigh the costs? Why? Provide statistical and other evidence to support your argument.
 7. Explain the relationship between productivity growth and living standards. Explain how higher productivity growth has benefited the Australian economy.

CHAPTER 5

1. Research the causes and history of the Asian financial crisis and use one of the following methods to present your findings

- An annotated timeline
- A concept map
- A poster

2. You have researched the history and causes of the Asian financial crisis. Draw up a list of recommendations about policies that should be adopted so that an economy such as Thailand could avoid a financial crisis such as this in the future.

3. Make a list of the key features of economies that are 'missing out' on the benefits of globalisation. Here are some ideas to get you going –

- Weak governance
- Relatively high tariffs...

Continue the list and then explain

- Why each of these features would discourage investment and hinder economic growth and development and
- Suggest how each of these features/problems may be overcome.

4. In small groups, prepare a report for a poorly governed country which is contemplating reform. Your report should contain

- a rationale in which you explain the benefits of reform
- case studies of reforms that have been undertaken in other economies
- a recommended list of reforms
- a reform timeline indicating which key reforms you would start with and why.

CHAPTER 6 AND CONCLUDING ACTIVITIES

1. Use the following concepts and terms to construct a concept map with the heading 'keeping the gains of globalisation'.

- Trade liberalisation
- Developing economies
- Poverty
- Agricultural subsidies
- Trade
- Aid
- Foreign investment
- Economic growth
- Living standards
- Economic reforms
- Good governance
- Financial deregulation
- Privatisation
- Labour market reforms
- Taxation reforms
- Exchange rate liberalisation
- National Competition policy
- WTO
- Doha negotiations
- EU
- NAFTA
- ASEAN
- Tariffs
- Subsidies
- Economic development
- Savings
- Technology
- Macroeconomic policy
- Innovation

2. A role play simulation

A number of delegates from around the world have been invited to present at the next meeting of the World Economic Forum. The objective of the forum is to discuss how to reduce world poverty and how all economies can share in the benefits of globalisation.

You are asked to select a role representing a person, country or organisation. The number of roles will depend on class size. The following are suggestions for roles but other roles maybe negotiated with your teacher.

- The Australian Prime Minister
- The President of the USA
- The President of Vietnam
- The Indian Prime Minister
- The President of Kenya
- The President of Indonesia
- The Secretary-General of the WTO
- The Managing Director of the IMF
- A representative of the EU
- A representative of ASEAN
- A representative of NAFTA
- A representative from OXFAM Community Aid Abroad
- A representative of AusAid
- An Australian farmer
- A farmer in Mexico
- European farmers
- An Australian exporter
- A Chinese exporter

- A representative of workers in developing economies
- A representative of the ACTU
- A representative of the ILO
- A representative of the World Business Council for Sustainable Development
- A representative of Greenpeace
- The Chairman of Nike
- The Chairman of News Limited

You are to research your role using this report, your library and the Internet. You should prepare a report which summarises the views of your person/country/organisation to trade, aid, investment, globalisation and how these can assist in alleviating poverty (remember in some cases you may need to determine who the members are and whether all the members share the same view).

The class is to attend the forum, with each student asked to present a 1-2 minute summary of their research findings.

The teacher should then present one or two proposals for alleviating world poverty such as

- All tariffs should be removed by 2010
- All economies agree to reduce barriers to foreign investment by 2010

All representatives at the forum debate the issues revised by the proposal(s), with members voting as a forum.

Debrief – you are to write a media release summarising the points raised at the forum which lists ways all economies can share in the benefits of globalisation, thus assisting in world poverty reduction.

Finally, consider any questions that may form the basis of further investigation and explain how the forum and work done in this unit has extended your understandings related to the debates surrounding globalisation.

For more information on the issues raised in this guide

- visit the Department of Foreign Affairs and Trade website: www.dfat.gov.au, in particular www.dfat.gov.au/trade/ and www.dfat.gov.au/students/index.html or
- view the outline, Executive Summary and Chapter 1 of the full report at www.dfat.gov.au/eau

If you would like copies of *Globalisation: Keeping the Gains*, contact Jane Monico of the Department of Foreign Affairs and Trade on 02-6261-3114, or by email, jane.monico@dfat.gov.au

A significant discount will be offered to schools wishing to purchase copies of the report.



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