

Powerful global Organization and groups

The world map of power is complicated. It is not only the governments of individual states that influence the world economy and global interactions. Global organizations (including lending institutions) and global groups of nations play an important role too. The UN was the first post-war intergovernmental organization (IGO) to be established. The UN's contribution to global development is vast. No other international organization has the same degree of influence over global interactions. Over time, its remit has grown to include human rights, the environment, health and economics. The General Assembly is made up of voting representatives for all 193-member states. Important UN achievements have included: • the Declaration of Human Rights and the International Court of Justice • the 1992 Conference on Environment and Development (the 'Earth Summit') • the Millennium Development Goals (2000) and the Sustainable Development Goals (2015). Alongside the UN, other important organizations and groups have a significant role in global governance, particularly in relation to matters of trade. Table 4.3 analyses and evaluates the work done by global lending institutions, while Table 4.4 shows several important and powerful global groups. Figure 4.9 shows the relationship between some of these groups and the wealth of their members.

Institution	Analysis	Evaluation
International Monetary Fund (IMF)	<ul style="list-style-type: none"> • The IMF monitors the economic development of countries. Under the umbrella of the UN, it lends money to states in financial difficulty which have applied for assistance. • Help is provided to countries across the development spectrum when they encounter financial difficulty. Between 2010 and 2015, almost US\$40 billion was lent to Greece to help end a period of financial crisis. • The IMF has always had a European president but is based in Washington DC. 	<ul style="list-style-type: none"> • IMF rules and regulations are controversial, especially the strict conditions imposed on borrowing governments. In return for help, recipients agree to run free-market economies that are open to investment by foreign TNCs. Governments may also be required to cut back on health care, education, sanitation or housing spending. • Critics say that the USA and European countries exert too much influence over IMF policies.
World Bank	<ul style="list-style-type: none"> • The World Bank provides advice, loans and grants on a global scale. It aims to reduce poverty and to promote economic development (rather than crisis support). • In total, the World Bank distributed US\$65 billion in loans and grants in 2014. For example: (1) help was given to Democratic Republic of the Congo to kick-start a stalled mega-dam project; and (2) a US\$470 million loan was granted to the Philippines for a poverty reduction programme. • It has been headquartered in Washington since its establishment in 1945 at the Bretton Woods conference. 	<ul style="list-style-type: none"> • It is argued that the World Bank has succeeded in promoting trade and development. It has helped the world avoid a return to the policies of the 1930s, when many countries put up trade barriers. This was harmful to world trade and a major contributing factor to the Great Depression of the 1930s, and the mass unemployment and hardship it brought to working people in many countries. This instability played a role in the outbreak of war in 1939. • The World Bank can impose strict conditions on its loans and grants. Its critics describe this as 'neo-colonialism'.
New Development Bank	<ul style="list-style-type: none"> • In 2014, the BRICS group of nations announced the establishment of the New Development Bank (NDB) as an alternative to the World Bank and IMF. • In addition, China has set up the China Development Bank (CDB), which loaned more than US\$110 billion to developing countries in 2010, a value that exceeded World Bank lending. 	<ul style="list-style-type: none"> • The arrival of the NDB and CDB means that poorer nations no longer have to agree to the lending terms of the US-dominated Bretton Woods institutions (the IMF and World Bank). This can be viewed as a step towards a more democratic world order. • However, the new banks do have far less experience than the IMF and World Bank of managing global economic systems.
G8 and G20	<ul style="list-style-type: none"> • The G8 'Group of Eight' nations includes the USA, Japan, UK, Germany, Italy, France, Canada and Russia (conferences without Russia are called G7 meetings). Since 1975, the world's largest economies have met periodically to coordinate their response to common economic challenges. • In 2011, the G8 acted to stabilize Japan's economy after the devastating tsunami. In 2016, they met to discuss policies capable of stimulating growth in response to the global economic drag caused by China's slowdown. 	<ul style="list-style-type: none"> • The G8 is steadily becoming less important as a forum for international decision-making. This is because several leading economies, including China, India, Brazil and Indonesia, are not G8 members. A larger group called the G20 has therefore been established which includes these leading emerging economies in addition to the G8 members. • The larger size of the G20, and the differing views of its members, sometimes weakens its ability to agree and act on issues.

Groups Analysis	Evaluation
<p>OECD</p> <ul style="list-style-type: none"> Like the G20, the Organization for Economic Cooperation and Development (OECD) is another grouping of high-income nations and middle-income countries like Mexico. The OECD mission is 'to promote policies that will improve the economic and social well-being of people around the world'. Member states have signed formal agreements on protecting the environment. They have also agreed to work together to tackle the challenge of ageing populations. 	<ul style="list-style-type: none"> The OECD has made good progress towards clamping down on tax evasion by TNCs. Rules to stop companies using complex tax arrangements to avoid paying corporate tax have been agreed by 31 members. They will make it harder for firms to hide money in tax havens in the future. However, OECD economists failed utterly to predict the slowdown in the world economy which began in 2008 (see Unit 4.2, page 14). This was a huge oversight.
<p>OPEC</p> <ul style="list-style-type: none"> The Organization of Petroleum Exporting Countries (OPEC) is a wealthy and important global grouping of countries like Saudi Arabia and Qatar. As demand for oil has grown, OPEC nations have gained enormous wealth (Figure 4.10). Global dependency on oil ensures OPEC countries are key political players, with real influence on the world stage. 	<ul style="list-style-type: none"> Several OPEC countries have suffered the destabilizing effects of civil war, insurgency or international conflict, including Kuwait, Iraq and Nigeria. There is one view that oil can actually hinder rather than help a country's development ('the oil curse' theory). The collapse in world oil prices in 2015 left several OPEC members in need of a financial 'bail out' from the IMF.

Essay Skills

ANALYTICAL WRITING SKILLS

Once you have acquired knowledge and understanding, your course requires you to apply what you have learned to produce an analytical or explanatory piece of extended writing (under assessment criteria AO1 and AO2). In the exam, the part (a) extended writing question has a maximum score of 12 marks.

Below is a sample higher level (HL) answer to a part (a) exam-style extended writing question. Read it and the comments around it. The levels-based mark scheme is shown on page vi.

Analyse how powerful states influence global interactions in ways which benefit themselves. (12 marks)

Powerful states are countries with the means to project their influence regionally or, in the case of true superpowers, globally. Power is exercised in many ways, and different kinds of power are used by states to influence different types of global interaction. Economic power is important if you want to dominate global trade flows, for instance. Here I will be looking at economic and military power (hard power), and soft power (cultural and political influence) of different states. (1)

1 This is a useful introduction that defines key geographic terms and concepts, and also breaks them down in ways which help to structure the essay that follows.

Economic power is arguably the most important type of power as it takes money to pay for military technology and the media that are needed to project soft power globally. Large countries often have a very large GNI (though not necessarily per capita GNI). The largest states in terms of population are China, India, the USA and Indonesia, all of which are ranked highly in terms of global wealth. All of them are important global players, although the USA is still the number one global superpower according to many criteria. It has the highest nominal GNI (though China's is higher when adjusted for purchasing power parity, or PPP). Moreover one quarter of the world's 500 largest TNCs are domiciled in the USA. The USA is home to just under one-third of the world's billionaires (around 600) despite only being home to one-twentieth of the world's people. As a result of this wealth, the USA has a disproportionate influence over global economic flows and patterns of trade and investment. (2)

2 A well-applied account of financial flows and TNCs, which is linked well to the benefits countries gain.

The USA also uses its soft power, or diplomacy, to create conditions which its businesses thrive in. US presidents have worked hard to negotiate deals with other countries which allow their TNCs to gain entry to new markets. This is done formally in meetings and also informally over dinner or a round of golf. Keeping good relations with European countries, China and India is important. So the soft power of diplomacy helps lay the groundwork for US companies to show their economic power. Some countries like the USA and UK also have a major say in how global multi-governmental organizations like the World Bank and IMF operate. They exert a lot of influence over the rules of world trade and this helps them use global interactions for their own benefit. The USA holds 17 per cent of IMF voting power and so helps decide who gets lent money and who does not. (3)

3 Inter-governmental organizations are a relevant theme to explore when looking at superpowers.

Another way in which soft power works is through the way a country's culture and values are spread across the world, the result being that other states view it more favourably. The power of TNCs and global media corporations is important again here. As well as making the USA wealthy, its TNCs have also spread American values and culture around the world, including fast food and the English language, but also things such as gender equality (because films like *Star Wars* show strong female characters). This is viewed as a positive thing by people in many other countries round the world and helps build global goodwill towards the USA. More people from other countries may want to visit the USA as tourists as a result and this helps the USA to dominate global touristic interactions too. So once again countries use global interactions to help create more economic benefits for themselves. (4)

4 Good points about tourism and cultural exchange are used to widen the response further.

Soft power used to be associated mainly with western nations. However, increasingly, new Asian and African powers have cultural influence too. Japan's culture has spread around the world: Sushi, Manga comics and cartoons like Pokémon are part of global culture. India's Bollywood cinema is a global export too. (5)

5 Excellent details are provided, although this paragraph is less explicit about the benefits countries gain from their culture becoming known. Could you improve it? How does Bollywood benefit India, for instance?

Finally, when we are looking at how a country uses global interactions in beneficial ways, it may be worth asking: who really benefits? A country is made up of many different individuals and stakeholders, including governments, companies and citizens, but they may not all benefit from their country's involvement in global interactions. For some people, their lives may actually get worse. Factory owners in China may have benefited from its emergence as a new superpower but not all the workers may have done. (6)

6 This paragraph shows the writer is thinking very carefully about the way the question has been phrased in order to apply as much understanding to the task as he or she can. The idea of countries acting in ways that benefit 'themselves' is actually a complex proposition: not all citizens of powerful countries benefit equally from their country's success. A high level of AO2 attainment has been reached here.

Examiner's comment

This is a well-structured (AO4) piece of extended writing, which applies (AO2) a broad range of relevant ideas, concepts and examples. The detail of the content (AO1) is good. Overall, this would reach the highest mark band.

Structuring an answer

The best essays use paragraphing to deliver a clear structure, which is awarded credit under criterion AO4. Read the essay and the comments and review the way that it has been carefully structured. Note that the part (a) extended writing task is not discursive and therefore does not require a formal conclusion.