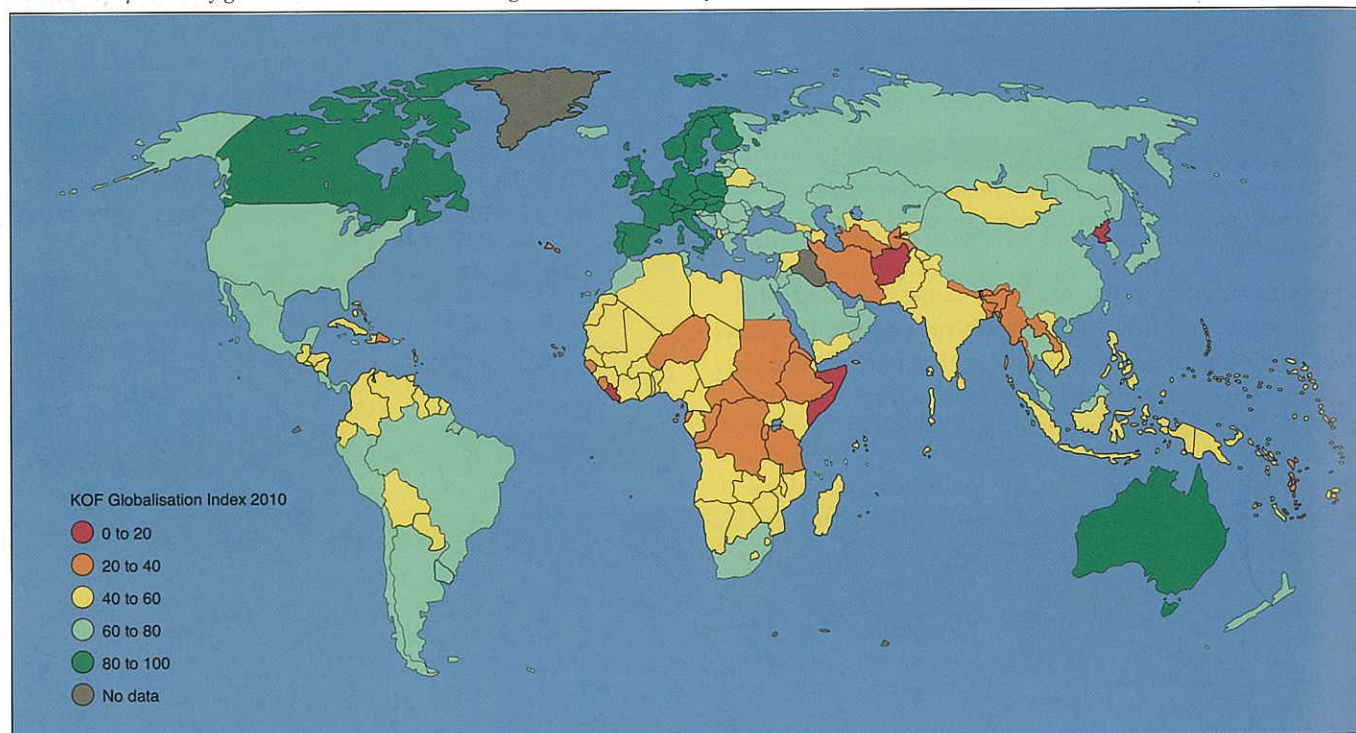


12.6 World pattern of globalisation in 1970 according to the KOF Index of Globalisation.



12.7 World pattern of globalisation in 2010 according to the KOF Index of Globalisation.

KOF defines globalisation as “the process of creating networks of connections among actors at multi-continental distances, mediated through a variety of flows including people, information and ideas, capital and goods”. KOF then amplifies this by stating “Globalisation is conceptualised as a process that erodes national boundaries, integrates national economies, cultures, technologies and governance and produces complex relations of mutual interdependence.”

Using this foundation, KOF examines 181 countries and territories with respect to three facets of globalisation:

economic globalisation, political globalisation and social globalisation. The components of each of these three facets of globalisation, together with the weightings that KOF gives to each, are shown in table 12.1.

To construct its Index of Globalisation, KOF transforms each of the variables in table 12.1 into an index using a scale of 1 to 100, where 100 is the maximum value for a specific variable during the period since 1970, and 1 is the minimum value for the same period. Higher values indicate a greater degree of globalisation in that country.

KOF’s analysis shows that globalisation has been a growing pattern since 1970 (figures 12.6 and 12.7). According to the KOF Index of Globalisation, the world’s most globalised country is Belgium, with a score of 92.95, followed by Austria (92.51), the Netherlands (91.90) and Switzerland (90.55). The least globalised countries according to the KOF Index are Myanmar (20.69), Kiribati (25.45), the Solomon Islands (26.35), Equatorial Guinea (26.85) and Laos (28.12). However, it should be remembered that KOF does not calculate precise figures for other countries that would certainly have extremely low rates of globalisation, such as Afghanistan, Somalia, North Korea and Liberia.

QUESTION BLOCK 12C

1. Compare the factors that are measured in the AT Kearney and KOF Indices of Globalisation.
2. Describe the changing pattern of globalisation shown in figures 12.6 and 12.7.
3. Which of the two indices — AT Kearney and KOF — do you consider is more useful? Give reasons to support your answer.

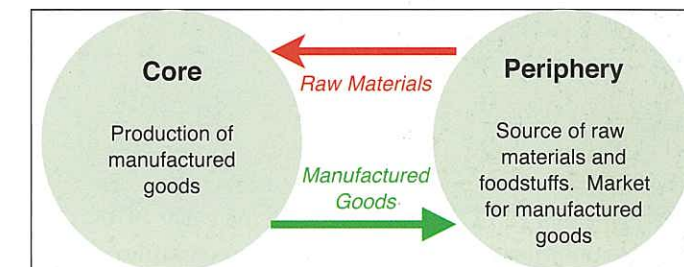
distribution of human activity in terms of the unequal distribution of power in politics, societies and economies. The model looks at the world as a single unit and suggests that **growth poles** have developed where economic and political power is concentrated. These areas, known as the **core**, tend to be in the MEDCs of Europe and North America, and they dominate world economic activity. On the other hand, there is a **periphery** (which means ‘edge’) — mainly the LEDCs — where there is a lack of power in the processes of economic and political decision-making. Between these two extremes are the nations of the **semi-periphery** which have more power and influence than the periphery but not as much as the core.

Since the industrial revolution in the early 1800s, the nations of the core have tended to be where manufacturing has occurred, using raw materials obtained from the nations of the periphery (figure 12.8). The relationship shown in figure 12.8 allowed the world’s major manufacturing regions to develop, often based on the location of coal fields (as coal was the major source of industrial energy), but also on the pattern of world trade that developed in the 1800s and early 1900s when European powers

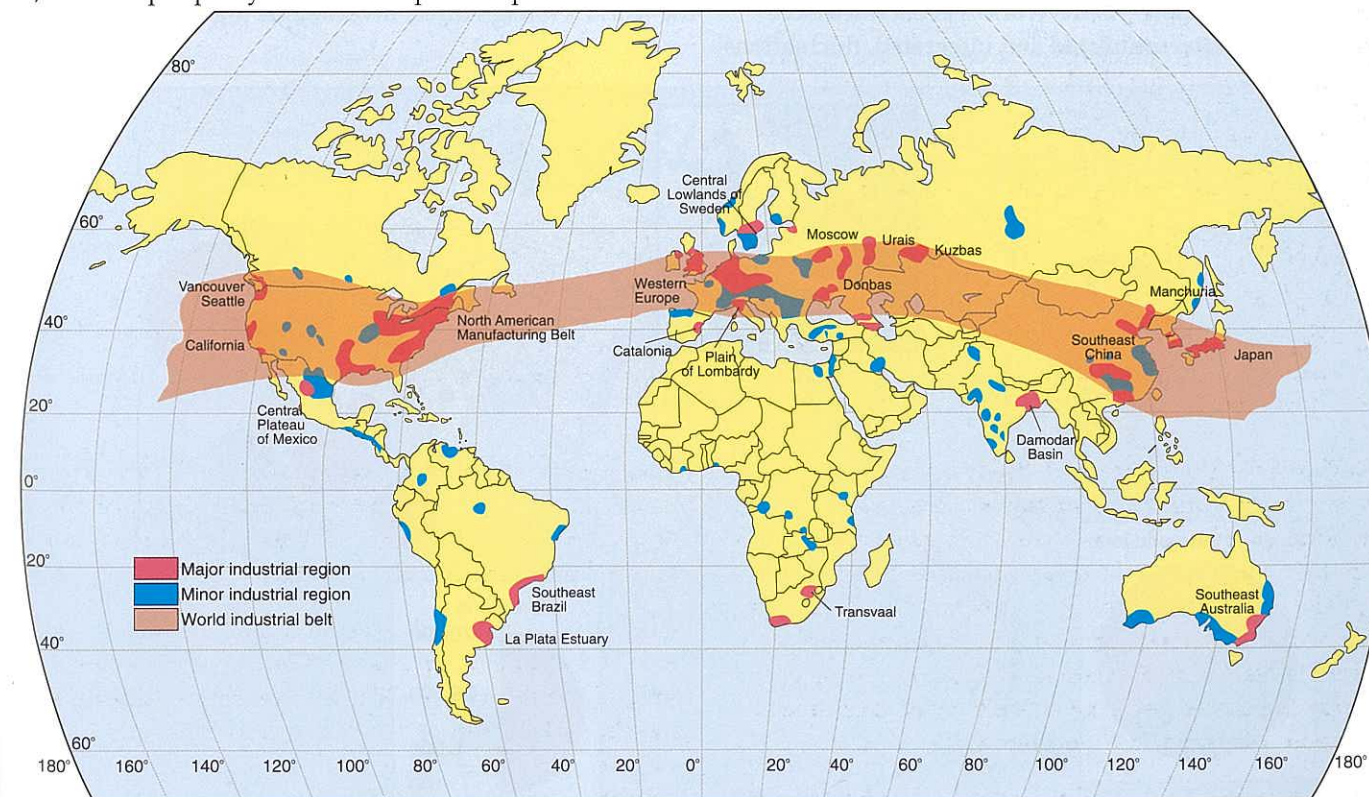
Global Core and Periphery

Global Core and Periphery

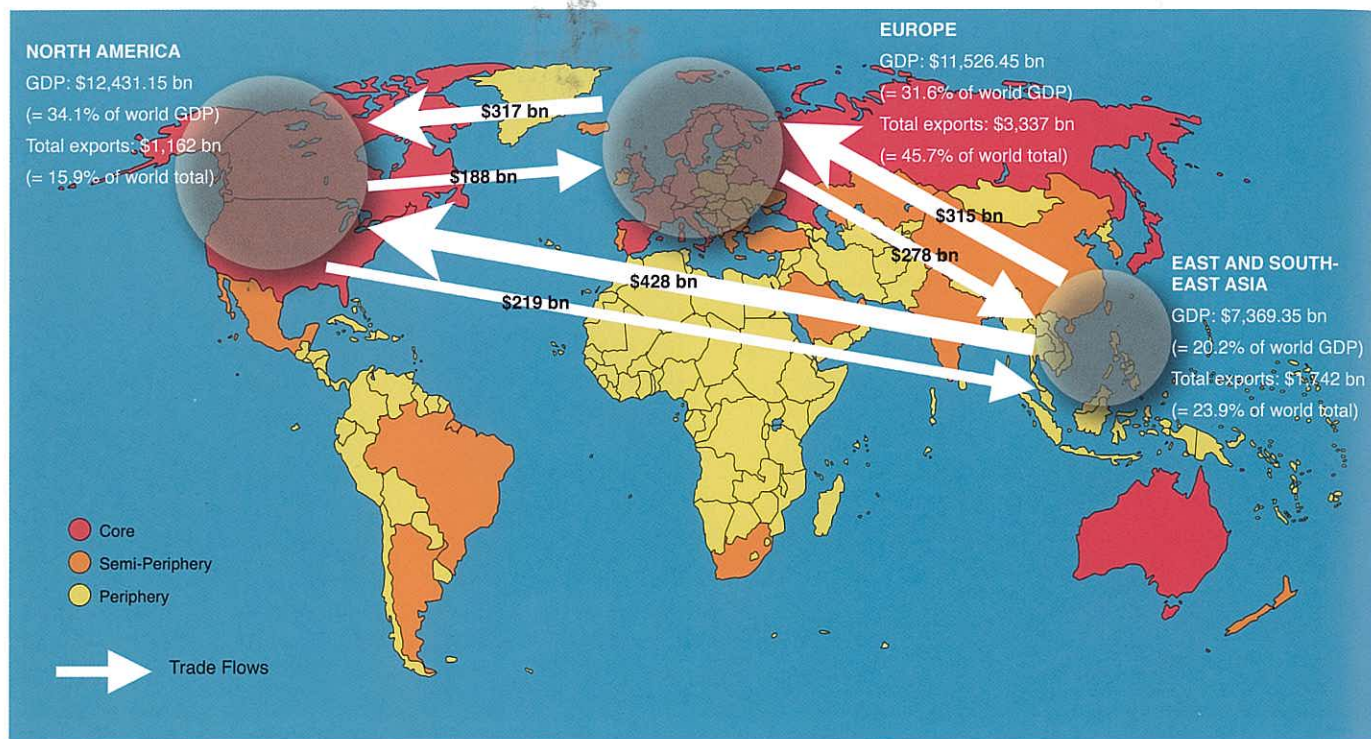
In chapter 2 the **core-periphery** model was discussed with reference to development. As explained in chapter 2, the core-periphery model attempts to explain the



12.8 Core and periphery in the global economy.



12.9 The world distribution of heavy manufacturing.



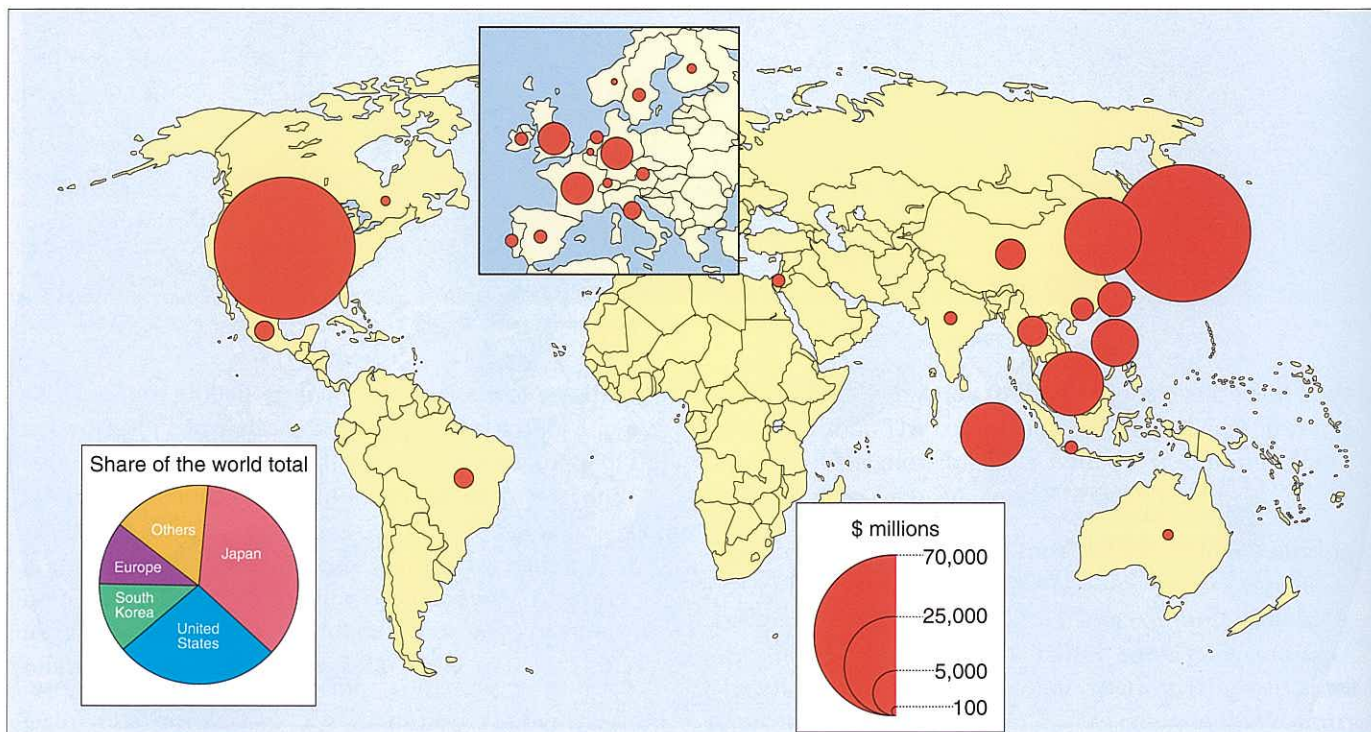
12.10 Global core and periphery, showing world GDP and exports.

brought raw materials from their colonies that were spread across the world (figure 12.9).

As the colonies of the European powers gained independence, trading relationships around the world became less predictable though not necessarily more just or fair (figures 12.12 and 12.13). Since the early 1970s, global economic growth has become more volatile, with periods of rapid growth interspersed with periods of recession or stagnation. As the world's economies have become more **interconnected** and integrated, fluctuations

in economic growth in certain major economies such as Japan and the US have had global consequences.

In 1985, the Japanese management author Kenichi Ohmae introduced the term **global triad** to describe the structure of the world economy, with a tripolar core in North America, Europe and East Asia. Today, these three macro-regions contain 86% of both world GDP and world merchandise exports, and they are the focus of most of the world's foreign direct investments (figure 12.10).



12.11 World production of active electronic components.



12.12 The flow of global capital now has an impact even in the world's most remote countries. In this photo, a large advertisement for the Capital Bank stretches right across the street in Ulaan Bataar, Mongolia. From 1921 to 1990 Mongolia was a communist country where capitalist activities such as investing in capital were strictly forbidden.

As globalisation grows in importance as an agent of global integration, the gap between the core and periphery seems to be widening. Many manufacturers in MEDCs are shifting production to LEDCs where labour costs are lower, but the profits are tending to remain with the parent companies in the MEDCs. As shown in figure 12.11, which shows the state of the world's electronics industry, industrial relocation tends to be occurring to semi-periphery countries rather than those nations of the periphery. In this way, the gap between the core and the periphery is widening in the opinion of many commentators.

QUESTION BLOCK 12D

1. Explain how the core-periphery model helps us to understand the distribution of economic and political power in the world today.

2. With reference to figures 12.10 and 12.11, describe the evidence that the world economy today is structured as a core and periphery.



12.13 Evidence of increasing global economic integration - the US-based KFC and the UK-based Tesco supermarket outlets are prominent features of the northern Chinese city of Dandong.