

VCE Global Politics

Units 3 & 4

Anna-Louise Simpson



Social Education Victoria

VCE Global Politics Units 3 & 4

by Anna-Louise Simpson

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PREFACE AND ACKNOWLEDGEMENTS

Social Education Victoria has compiled and published a range of textbooks designed for new VCE Study Designs beginning in 2012. Of the four new publications, two are for Politics – namely *VCE Australian and Global Politics Units 1 & 2*, by Kimberly Cornell, and *VCE Global Politics Units 3 & 4*, by Anna-Louise Simpson. The other two textbooks are for Sociology – namely *VCE Sociology Units 1 & 2*, by Pheona Donohoe, and *VCE Sociology Units 3 & 4*, by Fiona Gontier.

It should be noted that SEV regards these textbooks as an ongoing project and is working on additional materials (to be available to SEV members via the website) that will enhance or add to the textbook's case studies and examples. Please refer to www.sev.asn.au for further details.

The compilation of the textbooks has been a complex task and one that has been completed within a very tight timeframe. In the role of SEV Executive Editor of these textbook projects, I have worked closely with a large group of people. I would like to congratulate the authors, the researchers, the design team, the editors, proofreaders and the printers for the commitment, diligence, patience and skill they have exhibited over the journey.

On behalf of Social Education Victoria and our various stakeholders, and sincerely hoping that I don't neglect to mention anyone, I would like to specifically recognise the following people and thank them for their important contributions to this book, *VCE Global Politics Units 3 & 4*: Anna-Louise Simpson (author), Neil Todd (permissions and proofreading) David McBurney (cover design and production advice), Professor Nick Bisley and Dr Michael O'Keefe (expert advice), Jill Wilson (proofreading), Jenni Beattie (proofreading), Colin Fiford (proofreading) and Tess Baster and Anna Makridis of Currency Communications (printing and production advice). Finally, I wish to thank Lesley Williams at Major Street Publishing and Kerry Stacey from Production Works, for their monumental effort in editing, design and layout of the book.

In closing, I wish to highlight the online support SEV will also provide as a part of your textbook purchase. At the SEV website (www.sev.asn.au) there will be some links to the relevant URLs that are referred to throughout each textbook. Instead of having to type in each link from the textbook, simply identify which ones you might like to explore further and then click through to them via the SEV website!

We at Social Education Victoria trust that this publication will help to play a part in your enjoyment and understanding of this subject and wish you all the best for your studies.

James Fiford
Executive Officer
Social Education Victoria

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voting percentage rights and the resources they can access. For example, the US has 18% of the votes, whilst Mozambique has 0.07%.⁴³

Surveillance, technical assistance and lending are the three chief mechanisms of the organisation.



FIGURE 3.03: IMF advice

Source: © Nicholson Cartoons

<http://nicholsoncartoons.com.au>

Surveillance

The IMF oversees the international monetary system and monitors the financial and economic policies of its members. It keeps track of economic developments on a national, regional and global basis, consulting regularly with member-states and providing them with macroeconomic and financial policy advice.⁴⁴ States elect whether or not to follow the advice of the IMF. For example, in April 2011 the IMF advised the Australian government to establish a sovereign wealth fund from the revenue generated by higher commodity prices.⁴⁵

Technical assistance

The IMF assists mainly low- and middle-income states in effectively managing their economies. It provides practical guidance and training on how to upgrade institutions and design appropriate macroeconomic, financial, and structural policies.⁴⁶ For

example, the Caribbean Regional Technical Assistance Center (CARTAC) in Bridgetown, Barbados provides technical assistance to 20 Caribbean island states in five areas: public finance management, tax/customs policy and administration, financial sector regulation, economic and financial statistics and financial programming.⁴⁷

Lending

The IMF provides loans to states that have trouble meeting their international payments and cannot otherwise find sufficient financing on affordable terms. This financial assistance is designed to help states restore macroeconomic stability by rebuilding their international reserves, stabilising their currencies, and paying for imports – all necessary conditions for relaunching growth. The IMF also provides **concessional loans** to low-income states to help them develop their economies and reduce poverty.⁴⁸

The role and influence of the IMF has become more prominent following the 2007-08 global financial crisis, which elevated the profile of the organisation in supporting states with balance of payments problems. As shown in Figure 3.04, IMF lending peaked at almost \$72 billion in 2004⁴⁹ and after a period of decline has increased again following the crisis.

Concessional loans.

Typically these carry low to no interest and are to be paid back over a longer period.

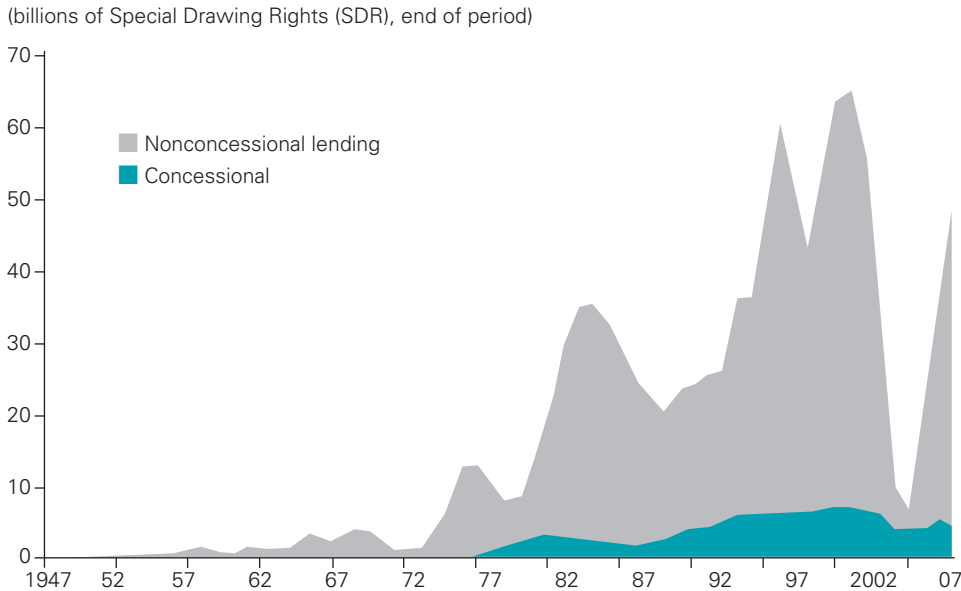


FIGURE 3.04: Peaks and valleys in IMF lending

Source: <http://www.imf.org/external/about/lending.htm>

As a result of the global financial crisis and resulting sovereign debt crisis, there are many contemporary examples of IMF work, such as its work in Greece where in 2010 it approved a three-year €30 billion loan, the largest single loan given by the organisation;⁵⁰ or Iceland in 2010 where the IMF approved a €22.5 billion loan as part of a joint package with the EU worth €85 billion. The long-term success of such projects remains to be seen.

REVIEW AND REVISE

Using the following website www.imf.org and all other available sources, respond to the following questions:

1. How many member-states are in the IMF?
2. Which are the newest members?
3. What are the aims of the IMF?
4. Using examples, explain how the IMF seeks to achieve its aims.
5. How is the IMF funded? What criticisms has this created?

Spotlight: The IMF in Bolivia

Note: The VCAA study design specifies that focus must be on contemporary post-2000 events. Ensure your analysis and evaluation of the IMF's work in Bolivia centres on this period.

the Protocol has been difficult to achieve. While the 2009 Copenhagen Summit saw over 100 states agree to limit the increase in global temperature to 2°C, no binding agreement on how to do so has been reached.

ACTIVITY 4.20

1. Map the states which have ratified and have not ratified the Kyoto Protocol
2. Investigate the states which have not ratified the Kyoto Protocol. What are their justifications for not doing so?
3. Investigate the effectiveness of the Kyoto Protocol in combating climate change.
4. Investigate the factors which have complicated the negotiating process to create a binding agreement on reducing carbon emissions.

Supranational organisation

The European Union (EU) has been at the forefront of driving solutions to climate change through the creation of a regional carbon market, a common energy market and the creation of a coherent EU energy strategy. The end result is that the EU met its first commitment target of carbon levels 8% below 1990 levels by 2010. One example of how the EU has sought to meet its carbon emission reduction target is through the drawing-up of legislation to ensure European automobile companies are more energy-efficient. The EU Commission is insisting that by 2012 fleet-average carbon emissions from new cars must not exceed 130g/km (currently EU cars emit an average of 160g/km) and are seeking to impose fines of US\$137/car/gram on emissions exceeding the limit. If implemented this would see the existing Mercedes fleet attracting a penalty of €5,500/vehicle.²² The work of the EU has set important precedents for other states on how they can meet their emissions targets.

Non-government organisations

Some of the most effective efforts to highlight the threat posed by climate change have occurred through the work of NGOs and their independent projects, which apply pressure on states and institutions of global governance to meet their carbon emission commitments. However, it must be noted that the ability of NGOs to make effective change and solve climate change has been limited.

For example, the 2007 Live Earth Concerts sought to raise awareness about climate change and their related impact on water scarcity, food shortages and conflicts. The concerts promoted the idea that people the world over should reduce their carbon emissions while at the same time pressure their governments to do so too.



Spotlight: World Wildlife Fund

The World Wildlife Fund (WWF) seeks to raise awareness of climate change as well as encourage individuals, government and TNCs to reduce their carbon footprint. For example, the Arctic habitat of the polar bear is endangered by climate change, threatening the survival of this species. In response the WWF works to:²³

1. negotiate with governments, industry and individuals to reduce greenhouse gas emissions and mitigate climate change;
2. promote sustainable consumptive and non-consumptive use of polar bears to alter behaviours that directly affect the species, such as hunting, poaching, industrial take, illegal trade and unsustainable tourism;
3. protect critical habitat including important movement corridors and denning habitat;
4. prevent or remove direct threats from industrial activity such as oil and gas development and arctic shipping;
5. fund field research by the world's foremost experts on polar bears to find out how global warming will affect the long-term condition of polar bears.

ACTIVITY 4.21

Research the work of one NGO in proposing solutions to climate change, then answer the following:

1. To what extent have these proposals been taken on board by the different actors of the global political community?
2. To what extent has this NGO been successful in addressing climate change.

CHALLENGES TO EFFECTIVE RESOLUTIONS ON CLIMATE CHANGE

There are a number of key challenges facing the international community in effectively meeting the climate change crisis, outlined as follows:

1. The largest sources of man-made carbon emissions are the energy, industry, transport and agriculture sectors, all of which are fundamental to modern life. Reducing global carbon emissions means making wholesale changes to the way of life in the 21st century, a suggestion which is neither popular nor easy to achieve.
2. There is no definitive scientific consensus on humankind's contribution to the causes of global warming and widespread disagreement over the significance of human activities to carbon emissions. This lack of consensus has provided politicians with 'space' to manoeuvre in avoiding meeting carbon reduction targets.