Global Interdependence

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Definition

- Global interdependence refers to the pattern of globalisation that has resulted in a globally connected economy
- Globalisation refers to the opening of international borders to allow the free flow of trade, capital and people
- International competitiveness refers to a countries ability to compete on the world market

International Competitiveness

- There are a 4 key factors that determine a countries international competitiveness
    - Labour Productivity (Positive)
    - Relative Inflation Rate (Negative)
    - Cost of Wages (Negative)
    - Exchange rate (Negative)

Globalisation

- Globalisation has been the defining trend in the global economy over the past 50 years
- Globalisation refers to the opening of international borders to allow for the free flow of trade, capital and labour
- Globalisation has largely been facilitated by
    - Trade Liberalisation
    - The Digital Age i.e. the death of distance
    - The rise of Multinational corporations

Benefits	**Costs**
Allows for the creation of economies of scale	Structural Unemployment
Lowers global price levels as countries specialise	Global interdependence
Allowed for the existence on MNC	Increased the wealth gap
Facilitated unprecedented global growth	
Has worked to reduce global poverty levels	