7 Globalisation and sustainability – Part 2 —Answers

Answers

Work through these after you have tried the questions yourself.

7.6 Outsourcing contracts a business function out to another firm, which may be in the same country; offshoring relocates the function to a different country, whether or not another firm performs it.
7.7 Benefit: they attract foreign investment and create manufacturing employment and foreign exchange. Criticism: wages are low, labour and environmental regulation is often relaxed to attract the investment, and profits may be repatriated rather than reinvested locally.
7.8 A country should specialise in what it can produce at the lowest opportunity cost relative to other countries, and trade for the rest —both countries then consume more than if each produced everything itself, even when one is more efficient at everything.
7.9 It provides very small loans to entrepreneurs, most often women, who cannot obtain credit from banks because they lack collateral, so they can start or expand a small business and raise household income.
7.10 Development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It balances economic growth, social equity and environmental protection.