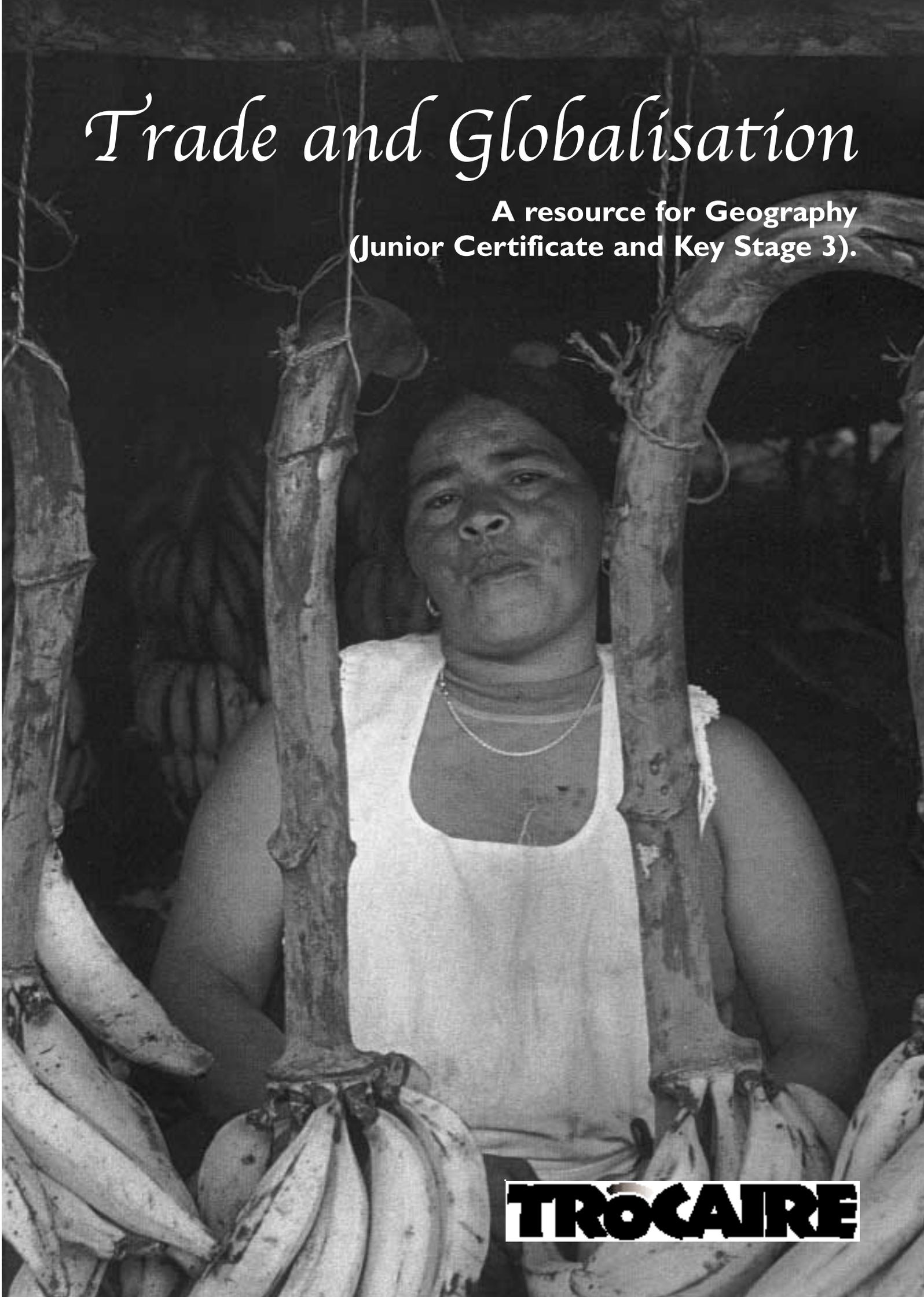


# *Trade and Globalisation*

A resource for Geography  
(Junior Certificate and Key Stage 3).



**TROCAIRE**

# Trade and Globalisation

## Introduction

This resource has been developed with a view to meeting the needs of teachers and students of **Junior Certificate** and **Key Stage 3 Geography** to address global economic development and trade issues in a contemporary setting.

The resource is analysis- and action-oriented. It intends to help students recognise trends in global trade which lead to social and economic inequality between countries, regions and social groups. It will allow students to identify their own role as global citizens in countering such inequality.

Contemporary issues provide a context for learning about global trade and development. These include: **globalisation & global protests** (Section I); the role of the **World Trade Organisation** (Section II); the question of **Transnational Corporations (TNCs)** who are often accused of using sweatshop labour (Section III).

## Further curricular links

This resource will also provide a valuable source of information and activities to support the study of:

**Republic of Ireland:** RE, CSPE & Transition Year programmes on social and political issues.

**Northern Ireland:** RE, Economics / Economic Awareness, EMU / Cultural Heritage, Careers Education and Citizenship Education.

## How to use this resource

Activities in this resource are designed to be used in **isolation**, to highlight a particular point, or in **clusters**, to enable deeper exploration of an issue.

It is not expected that classes will use the resource from beginning to end, but will select that material most relevant to their course of study.

### Example

Study focus: The World Trade Organisation & Developing Countries

Core activity: Section II, Activity 2

Optional activities: Section II, Activity 1, (introductory); Activity 4 (deepening understanding).

This resource can be used as a companion resource to 'Exploring our World: An active learning resource for Key Stage 3 and Junior Certificate' (One World Centre for Northern Ireland, 2001). See Page 31 for contact details.

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# Junior Certificate Curriculum Links

## Geography

- **Overview**

This resource contributes to the aims of the Geography syllabus to help young people develop an understanding of the physical, social and economic processes that shape our environment. It allows students to engage actively with contemporary issues of geographical relevance, such as international trade and social and economic inequalities.

- **Unit C2: Secondary Economic Activities**

- Secondary economic activities are those in which raw materials are processed, or processed materials are further processed (Section II: Activity 3).
- Modern industry tends to be 'footloose' (Section III: Activities 1 & 2).
- Conflicts of interest may arise between industrialists and others (Section III: Activities 1,2 &3).

- **Unit C4: Economic Inequality**

- Historically, developed states have often exploited less developed states. Even today richer states tend to dominate world markets, and this makes it difficult for poorer states to develop economically (Section II: Activities 3 & 4).
- Difficulties exist as to how economic inequalities should be resolved (Section II, Activity 4; Section III, Activities 1 & 2).

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## CSPE

- **Concepts**

This resource allows students to explore the concepts of:

- Interdependence (Section I: Activities 1 & 2)
- Participation (Section I: Activity 3; Section III, Activities 4 & 5)
- Rights & Responsibilities (Section II; Activities 1 & 4)
- Development (Section II, Activities 3 & 4; Section III, Activity 1)
- Law (Section II, Activities 1, 2; Section III, Activity 4).

- **Action projects**

Section I, Activity 3: Globalisation and protests

Section II, Activity 2: Research the WTO

Section III, Activity 5: Write to TNCs

# Key Stage 3 Curriculum Links

## Geography

- **Geographical skills**

- analyse and extract relevant information from a range of secondary sources.
- refine and present data in a range of appropriate forms.
- describe data noting obvious patterns and relationships

## Geographical themes

- **Economic activities**

- Classification of economic activities - work related to this point (Section II: Activity 3).

- **Issues**

- World development-related issues: (Section II: Activities 3 & 4; Section III: Activity 1).

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## Cross-curricular Themes

- **Economics / Economic awareness**

This resource will allow students to examine:

- the economic behaviour of individuals, groups, organisations and governments within local, national and international communities (Section II: Activities 1, 2 & 3; Section III: Activity 1 & 3);
- the economic behaviour of Transnational Corporations (Section III: Activities 1, 2 & 3)
- the impact of their own economic choices and behaviour (Section III; Activities 2 & 5).
- imbalances between nations in trade and living standards (Section I: Activity 2)
- the physical and economic interdependence of Northern Ireland within these islands and beyond (Section I: Activity 1).

- **Education for Mutual Understanding/ Cultural Heritage**

Explore how their culture and way of life is shaped by influences from the local and wider world (Section I: Activity 1)

- **Careers Education**

Gain understanding and experience, through the study of development issues, of the processes involved in making informed decisions and the need to take responsibility for personal decisions and choices (Section III, Activity 2 & 5).

# Background and Glossary for the teacher

## What is Globalisation?

Globalisation is a process of increasing interconnectedness of individuals, groups, companies and countries, brought about by technological, economic and political changes.

The benefits from globalisation have been unevenly spread. The weaker, poorer members of society have tended to lose out. For example, small farmers in developing countries who cannot compete with imports from abroad lose their livelihoods. Workers in industry everywhere are threatened by the prospect of companies moving to those places where production costs – and labour standards - are lowest. However, globalisation also allows people worldwide to link up in efforts to promote justice and sustainable development.

## What is the WTO?

The World Trade Organisation (WTO) is a forum where countries agree trade rules. The WTO was created on 1 January 1995. It replaced the General Agreement on Tariffs and Trade (GATT), a post-Second World War agreement to reduce barriers to trade between countries.

Currently, 142 countries are members of the WTO. In theory, all countries have an equal voice at the WTO. However, rich countries dominate because of their greater bargaining power and because they can afford to have many trade experts fighting for their interests. Poor countries, by contrast, suffer from a lack of capacity to propose and defend trade rules which would be in their interests.

## Why does trade matter to developing countries?

Trade is vitally important to poor countries as it earns them the bulk of their income and is a powerful engine for economic growth. Economic growth means that more resources are available to invest in infrastructure and services. With policies in place which are aimed at building up education and healthcare systems, as well as promoting decent work opportunities for everyone, more people could live longer, healthier, more fulfilling lives. As seven out of ten of the world's poor earn their living from agriculture, a better deal in agricultural trade could lift many people out of poverty.

## Glossary

### Trade liberalisation

A political philosophy that says market forces should, as far as possible, be unregulated with minimal interference by governments.

### Transnational Corporations (TNCs)

TNCs are companies that carry out business in more than one country. Trade liberalisation allows them to maximise profits by sourcing labour and raw material where these are cheapest and selling their goods in many markets.

### Subsidy

A government payment aimed at helping people afford to buy things. In some countries, governments give farmers subsidies towards seeds, transports, fertiliser etc. This lowers their cost of production.

### Dumping

This happens when goods are sold on a market at a price lower than their cost of production.

### Food Security

This means that all people, at all times, have physical and economic access to sufficient safe and nutritious food for an active and healthy life.

### Tariff

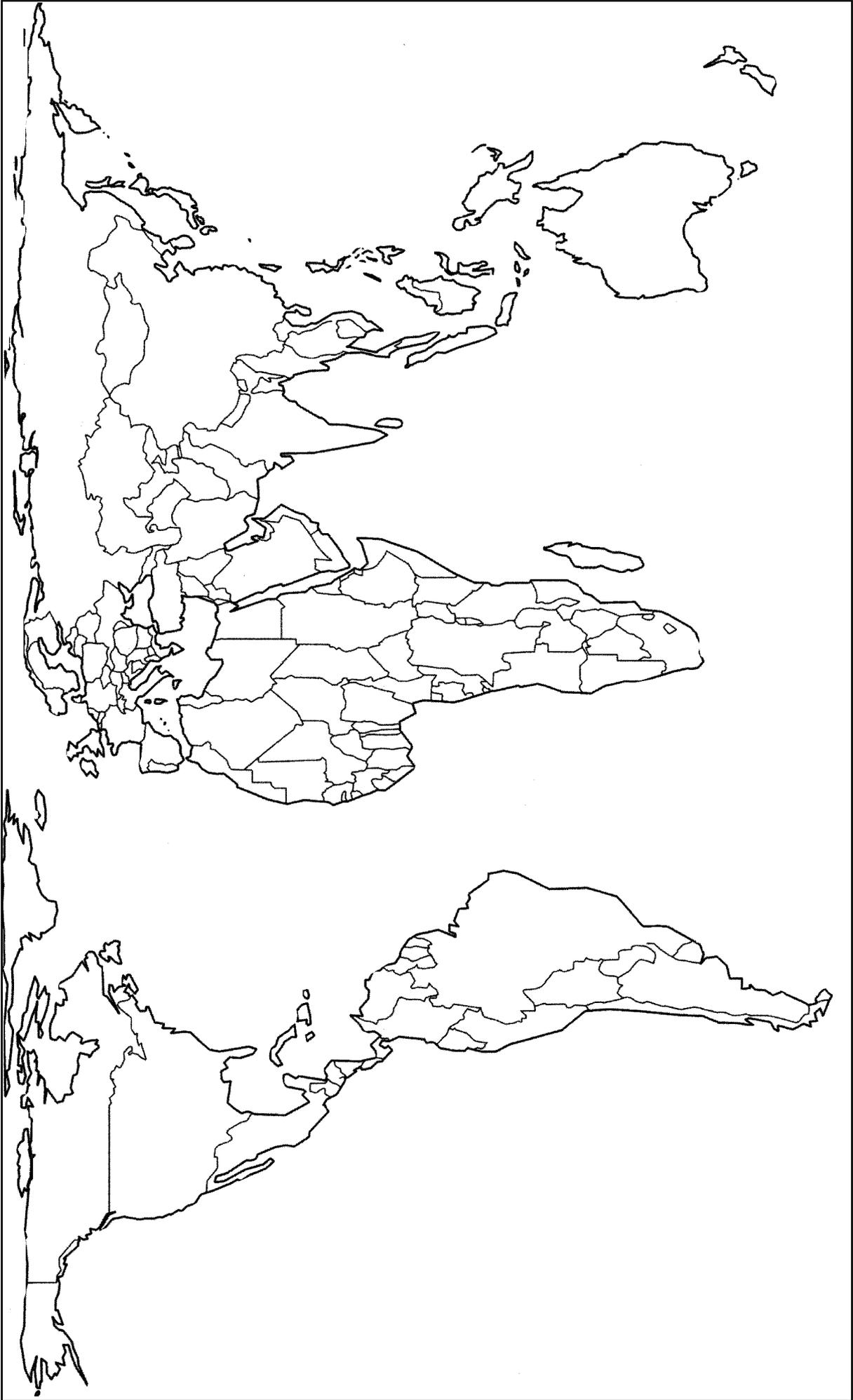
A border tax on imported and exported goods that raises their price.

### Trade barrier

Regulations such as quotas, embargoes, tariffs and technical standards, that are used by governments to restrict imports from and exports to other countries.

## Information boxes

- About the WTO: page 17
- Poverty, Agriculture and Trade: page 22
- Transnational Corporations: page 25
- Codes of Conduct: Page 29



*Peters' Projection portrays countries according to their true size and location. (Source: Exploring our World, 2001)*

# Section I

## Interdependence & Globalisation

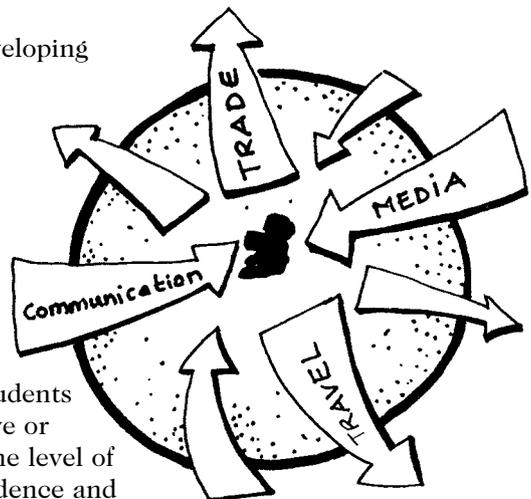
### Aims

- To explore the concepts of interdependence & globalisation.
- To set the context for examining the roles of developed / developing countries; the World Trade Organisation (WTO), TNCs and consumers in international trade.

### ACTIVITY ONE: Interdependence

#### Teaching Point

This exercise enables students to discuss the many ways in which we are **interconnected** to other countries and people, through trade, cultural exchange and other links. It challenges students to assess global **interdependence** and discuss the potential positive or negative aspects to it. This exercise allows the teacher to gauge the level of awareness and understanding of students on issues of interdependence and globalisation.



#### Preparation/Materials

You will need:

- A photocopy of Peter's Projection world map (Page 5) for each group.

#### Activity

##### Stage One – Warm-up

- Divide the class into groups of three or four.
- Hand out photocopies of the world map to each group.
- Ask each group to brainstorm together on the things which they use regularly or things/people they like - not just goods, but music they listen to or sportspeople they are interested in - which are from another country.
- Each group draws lines from their home country to places on the map where goods and services which they use are produced, or where types of music or sports stars come from. Students could use different coloured pens for different types of links.
- Ask each group to show the map to the whole class outlining some of the more common links (sportshoes from China) and some of the most unusual links they came up with (salad servers brought home from a holiday in Africa by a friend or relative).
- Discuss the extent of our global interconnectedness with the group. Ask if they think this is a recent phenomenon? Has it increased over time and if so, why?
- Move on to Stage Two.

#### Stage Two

- Read out the following text and ask each group to discuss the questions. Give the groups 5-10 minutes for discussion.

“Imagine if, all of a sudden, Ireland/Northern Ireland’s ports and airports have been closed down. All means of communication with the outside world, including phone, TV, radio, email and internet, have been cut. The government has announced that we have to survive in this country on what we produce ourselves. Everyone has agreed, thinking that it is a very good idea that we look after ourselves.”

- ✍ What impact would this have on you?
- ✍ What would you have to do without?
- ✍ What impact would it have on wider society?
- ✍ What would we lose out on?

- Work through the discussion questions, taking responses from different groups.
- Emphasise the way in which societies worldwide are increasingly **interconnected** and **interdependent** through: trade; exchange of ideas & information; direct contact with people through travel & electronic communications; some common cultural areas in terms of music, sport etc.
- Wrap up by recapping briefly; point out that interdependence brings with it many opportunities, some risks and common responsibilities for citizens and governments worldwide.

# ACTIVITY TWO: Globalisation

## Teaching Point

This exercise aims to increase students' comprehension of the concept of globalisation and the fact that globalisation has both winners and losers - the latter being those who cannot take up the opportunities that increased trade and communications offer or whose resources are exploited by more powerful forces.

## Preparation/Materials

You will need:

- Two flip chart sheets or a blackboard. Write 'Winners' on the top of one sheet or on one side of the black board. Write 'Losers' on the other sheet or other side of the board.
- 'Post-its' - regular size.
- Copies of the boxes: 1 box per pair.

## Activity

### Stage One

- Brainstorm - ask the class: "Think of three things that you use every day that come from another part of the world".
- Ask what do the students think people mean when they talk about 'globalisation'?
- Give the following definition of globalisation:

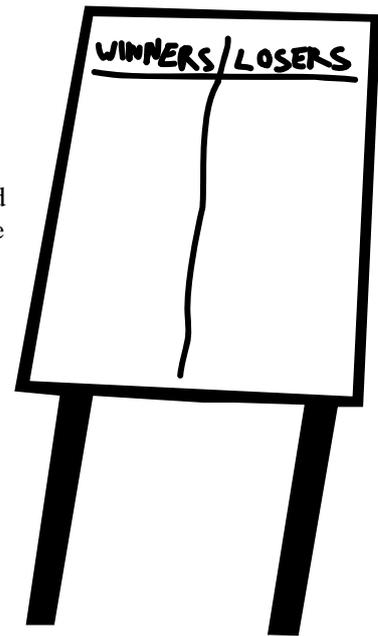
**Globalisation** describes the way in which people, goods, money and ideas are able to move around the world faster and cheaper than ever before. This is mostly due to better transport and technology and the fact that countries are more open to trading with one another.

**Example:** A t-shirt bought in Dundalk may have been designed in the US; the cotton may have been grown in Egypt; it could have been cut out in Bangladesh; sewn in Vietnam and then flown to London and sent by truck to be sold in Dundalk.

- Explain that globalisation affects people in different ways: some positive and some negative. State that globalisation creates **opportunities** & elicit what these might be (hint: creation of jobs; the chance to travel for work or holiday).
- Might globalisation have any **negative** effects? (hint: companies can move around freely and tend to keep moving to the countries with the lowest labour costs).

### Note to the teacher

If students express particular interest in certain boxes, you can follow up by going to these activities:  
Box 2. 'Global advertising': Section III on TNCs (Activities 1 & 3).  
Box 3: 'Trade is increasing': Section II (Activity 3 & 4).  
Box 4: 'Global Rules': Section II (Activities 1 & 2 ).



### Stage Two

- Divide the class into pairs.
- Give each pair one of boxes 1-6 on page 8
- Give each pair 4-6 'Post-its'.
- Ask each pair to read their box and discuss the following question:

**"Who are the winners and losers in the situation described here?"**

**Note:** you may wish to explain that there can be 'relative' winners and losers. That is, some people benefit a lot more than others from globalisation. Some get better off, while others slip further and further behind.

- When the students are finished, ask them write their answers on Post-its - one or more for both 'winners' and 'losers' - and stick them on the flip-charts or board.
- When every pair has finished, invite the class to come up (in groups if this is easier) and read the Post-its.
- When everyone has had a chance to look at the different answers, ask for a volunteer pair to explain what they wrote under 'winners' and why. Ask another pair who had the same box if they agree. Ask what they wrote for losers and why?
- Repeat for all six boxes.
- At the end note again that globalisation is not 'bad' or 'good' but that it depends on whether people are able to take advantage of the opportunities it offers, or whether poverty and lack of power means they cannot do so.

## 1. Global communications

It is becoming cheaper and easier to communicate. Jake in New York can phone his cousins in Cork for three minutes for only 35 US cents. Ten years ago, the same call would have cost \$3. In 1930, when Jake's grandfather first arrived in America from Cork, it would have cost him \$245 to phone home. If Kathy in the US saves a month's wages, she can buy the most up-to-date computer. A worker in Bangladesh would have to save eight years' wages to buy a computer. Jake and Kathy can surf the web and understand four out of every five websites - because they are written in English. However, nine out of every ten people in the world don't understand English.

## 2. Global advertising

Advertisements for goods like Coca-Cola and Levi's can be seen everywhere, from Belfast to Berlin to Beijing in China. In the ten years from 1987 to 1997, Nike increased its spending on ads from \$25 million to \$500 million. Tiger Woods, the golfer, is paid \$55,555 per day to advertise Nike products. Workers making Nike products in Indonesia earn around \$1.25 per day. This is often not enough to live on.



## 3. Trade is increasing

Three times more goods are shipped or flown between countries now than twenty years ago. Trade can create jobs in poor countries, but people often have to work in terrible conditions. On banana, coffee and flower farms, for example, workers get very low wages, work long hours and have to use dangerous pesticides or chemicals. Some countries are missing out on trade altogether: the 48 poorest countries are being left behind and making less and less money from trade compared to richer countries.



## 4. Global rules

The World Trade Organisation (WTO) was set up to write the rules for trade between countries and to make sure that all countries obey them. This could be very good - fair rules would mean that everyone would win. However, the rules are written to suit rich countries. This is because rich countries can afford to pay lawyers to debate the rules, while poor countries can't. For example, Japan has 25 trade experts at the WTO, Bangladesh has one, and 29 of the poorest countries have none. There are up to ten meetings every day. Poor countries can't go to all the meetings and so important decisions are made without them.

## 5. Travel & tourism

Travelling abroad for holidays can be interesting and exciting. People make friends from foreign countries and may discover many interesting things about other people's lives and the global environment.

However, some people fear tourism can have a negative side. In many countries, local people look and dress in beautiful costumes and jewellery, such as the Maasai cattle farmers in Kenya. Sometimes, tourists may treat local people like objects to be photographed rather than human beings who can feel and talk.

## 6. The media

Television, films, radio and newspapers can help people to learn about what is happening in other places and what it would be like to live there. On the other hand, the media may also give people a false impression of other countries. In India, many people think that life for everyone in Europe and the US is exactly as it appears in the movies: rich and exciting. Meanwhile, news reports about Africa often only show images of desperate hungry people. However, most people in Africa have little money, but find many ways to make their lives happy and full and are certainly not helpless or starving.

## ACTIVITY THREE: Social protests

### Teaching Point

This exercise illustrates that people can achieve change, locally or globally, by joining together to protest about injustice. If students veer towards the failure of protests on issues which they feel are important, steer them towards success stories such as the Trócaire slavery campaign (page 10) or the international campaign to ban landmines (www.icbl.org).

### Preparation/Materials

You will need:

- Flipcharts and markers for the second class session (homework feedback)
- Optional: copies of the 'success story' texts (page 10).

### Activity

#### Stage One

- Ask the class if they know of any events, in the past or more recently, at home or abroad, where people have come together to protest about an issue? Who was protesting? Why?

#### Examples

- ✍ **Global protests:** Genoa, July 2001 – meeting of the G8 (leaders of Canada, France, Germany, Italy, Japan, Russia, UK and US). Over 200,000 people protesting about Third World debt, the environment, workers' rights etc.
- ✍ **Local protests:** environmental issues; infrastructure development projects (road / bridge-building / incineration) etc. Give an appropriate local example.
- ✍ **Protests in the past:** Carnsore Point, Wexford, 1978. Thousands protested against building a nuclear power point in South-East Ireland.

- Divide the class into small groups of 3-4.
- Ask each group to listen while you read out the text: 'Campaigning for justice' (page 10).
- Ask each group to agree on one protest that interests them (they may have to research this and agree on a protest at a later time).
- Explain that they will have to do some research about the protest for **homework**.
- Tell them they will be creating an information poster on their chosen protest.



Protesters at the World Trade organisation meeting in Seattle, December 1999. (Photo: Barbara Crowther)

- They should attempt to answer the following questions:

- ✍ When did the protest happen? Where? Why?
- ✍ What did the people protesting want?
- ✍ What did the other side say?
- ✍ What was the result?

- The groups must make a plan for carrying out the research & divide up the responsibilities so each person has a task.
- Give the students the following guidelines for sources of ideas and information.

- ✍ Ask parents / brothers / sisters / friends for ideas.
- ✍ Newspapers and magazines.
- ✍ Posters around town (in larger urban areas).
- ✍ Websites (see page 31).

#### Stage Two

- At the next class session, each group pools its information and creates a poster, using a flipchart sheet, about the protest. Students can use articles, headlines, images, drawings etc. to illustrate the issue.
- Feedback: allow each group to present their poster. Ask students to give examples of things they liked about the protests. Ask was there anything with which they didn't agree in any of the protests? If they were to campaign on that issue, what would they do?

# Campaigning for justice

Worldwide, people are joining together to campaign for change.

Thousands of landless people in Brazil have gone on long marches for the right to land. Through the internet, people can learn about these protests and link up and work for justice. Twenty four million people signed the international Jubilee 2000 petition for debt cancellation for poor countries. Huge protests such as those at World Trade Organisation (WTO) meetings have made world leaders pay attention to issues like debt, poverty, environment, human rights and fair trade.

Many global campaigns have been successful: rich countries have cancelled some of the poorest countries' debts and a global ban on landmines has been achieved. Some protestors use violence to try to achieve change. However, it is important to ask whether violence is the right way to create a better world.

## Protest Success Stories

### Campaign against Slavery

In the first half of 2001, almost 100,000 people on the island of Ireland signed postcards produced by Trócaire asking the governments of Ireland and Britain to fight against modern-day slavery. This campaign was very successful. Irish and the British Ministers spoke out against slavery at a United Nations (UN) conference in June 2001. The UN agreed to set up an international programme to end bonded labour and other forms of slavery. The importance of public action was stressed by Irish Minister Tom Kitt TD in July 2001:

*"I would like to take this opportunity to applaud this year's Trócaire campaign on Bonded Labour. The 40,000 signatures I was presented with strengthened my hand considerably at the ILO Conference in Geneva on 15 June ...As I said, the government can only act most effectively when there is a concerned and informed public opinion behind it."*

### Dublin Docklands Development

On 13<sup>th</sup> July 2000, residents of inner city Dublin were delighted when their protests against a high rise building project paid off. The massive development that was planned for Dublin's Spencer Dock, near the north quays, was not allowed to go ahead. The buildings would have overshadowed the houses of the local community and brought a lot of traffic into the area, where many families have lived for generations.

The development would have been visible from near and far and would have towered above the other buildings in the city centre. Local communities held protest meetings, organised marches, contacted local politicians, wrote letters to the papers, spoke on radio and gave their views to the Government body which finally made the decision not to allow the development go ahead.



## Section II

# *An unequal playing field: trade and the WTO*

### Aims

- To explore the blocks to development that arise as a result of unequal power in trade negotiations between developed and developing countries.
- To map the legacy of injustice and unequal trade arising out of colonialism and to explore the impact of the World Trade Organisation (WTO).
- To focus on agriculture as an illustration of inequality in trade.

## **ACTIVITY ONE: Golden rules**

### Teaching Point

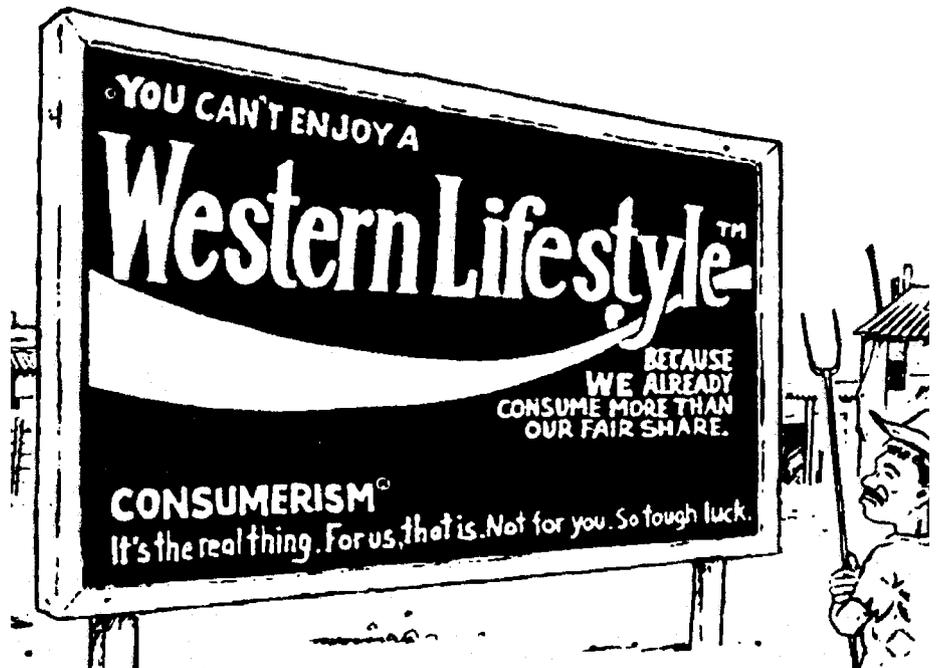
Rules are important in order that everyone knows how to act and what they can expect from other people. However, rules aren't always fair – it depends on who draws them up.

### Preparation/Materials

None.

### Activity

- Ask the group: why do we need rules?
- What would happen if there were no rules in the school?
- What would happen if one group made the rules for everyone? For example, people who like sport; students in the final year in the school; only the girls (if in a co-ed school).
- Who would win and who would lose out?



*“Poor countries enjoy two basic rights:  
To sell cheap and buy dear”.*

*Julius Nyerere, first President of Tanzania.*

# ACTIVITY TWO: Who writes the rules at the WTO?

## Teaching Point

This is a participatory introduction to the WTO. The aim is to allow students to experience the frustration of being at the mercy of more powerful trading nations. Students should become aware of the obstacles which poorer countries face both in trading bilaterally and in trying to set rules in the WTO, where more powerful countries dominate because of the resources they can devote to negotiations.

You can divide the activity over two class periods by separating **Stage One** and **Stage Two**. Alternatively, it is possible to go straight to Stage Two and focus only on rule-making at the WTO.

## Preparation/Materials

You will need:

### Materials for Stage One

- Six A4 sheets of paper and a pen for each group.
- A whistle, bell or other means to signal when a minute has passed.
- Several copies of the country situations (page 14), depending on student numbers.
- A copy of Table Two (page 15) for each pair of students.

### Materials for Stage Two

- A copy of the rules (page 16) on overhead or blackboard.
- Several copies of the country situations (page 14), depending on student numbers.
- A copy of the box 'About the WTO' (page ??) on overhead, or one per pair of students.



## Stage One: Bilateral trading

- Divide the class into 6 groups.
- Clear a space in the middle of the floor and ask each group to set up a table for their group. The six tables should be in a large circle around the floor.
- Explain to students that each group represents a different country and that they all want to buy and sell certain things.
- Give each group several copies of **one** country box from page 14 and give them time to read and understand it.
- Give each group an A4 sheet and ask them to make a sign, stating their country's name and to place it visibly on the front of the desk.
- Explain the process:
  - ✍ Your aim is to sell your products to other countries.
  - ✍ You can make a deal with another country, by agreeing that you will buy their products if they buy yours, or any other deal you both agree to.
  - ✍ One person from each group can leave the table at any one time. This person is the negotiator.
  - ✍ The teacher will blow a whistle / ring a bell after two minutes. The negotiator has to go back 'home' and tell the group how they got on. A new negotiator then goes out to the same or a different country, to try to make a deal.
- ✍ When you hear the whistle / bell go three times, the game is over. Return to your group.
- Allow the groups to change negotiators several times and then call a halt by blowing the whistle three times.
- Take feedback: Who bought or sold what products? What deals were struck? Who felt they got a good deal or had power? Who didn't? How did the participants behave? Did they beg? Did they co-operate?
- Give each group a copy of Table 2 on page 15 and ask them to fill it in. Give some examples from Table 1 to help them get started. They may have to visit other groups to get the full information.
- Take feedback, country by country (put Table 1 on an overhead if you wish; students may have included additional information in their tables).
- Unpack the table and make sure that people see how the blocks to trade arose. Ask why different countries were keen to protect or develop certain industries?

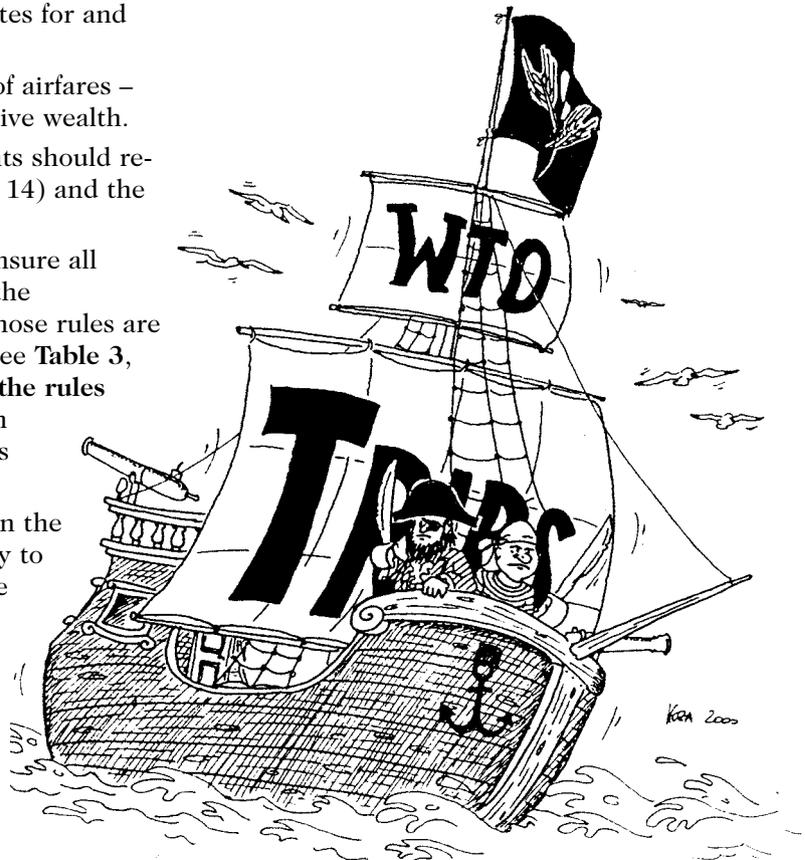
## Stage Two: rule-making at the WTO

- Explain to the students that all the nations in the world have decided that it really would be simpler if they had rules for trade, so that they didn't have to waste time and energy trying to deal with each other individually.
- Explain that:
  - ✍ There will be four meetings held in Geneva, Switzerland at the headquarters of the World Trade Organisation (WTO).
  - ✍ At each meeting, countries will vote for or against a rule about trade.
  - ✍ To go to a meeting and vote, each country has to have enough money to buy a plane ticket to Geneva.
  - ✍ If countries find they don't have enough airfare, then they will have to skip one or more meetings and only go to those which they think are most important.
  - ✍ One person from each 'country' goes to the meetings.
- Ask for one person to volunteer to be the Chairperson at the meeting. This person's role is to call the meeting, read out the proposed rule, keep order and count the votes for and against the rule.
- Read out each group's allocation of airfares – this roughly represents their relative wealth.
- Before the meetings begin, students should re-examine their country card (page 14) and the list of rules (page 16).
- The teacher should circulate to ensure all groups understand the rules and the implications for their country if those rules are accepted at the meeting. (Note: see **Table 3**, page 16, for a **quick reference to the rules** which countries are likely to be in favour of or against. The reality is more complex, of course).
- The first meeting takes place when the Chairperson calls for each country to send a representative, if they have the airfare to get to Geneva. The Chairperson reads out Rule no. 1 and asks for the countries present to vote. The Chairperson has the casting vote if there is no majority. Otherwise, the Chairperson doesn't vote.

- When all four meetings have taken place, unpack the game. Who got what they wanted? Who didn't? What deals were struck? Who had power and who didn't? Why? How did countries which had less power feel? Was there anything unfair about the process?
- Share the information in the box '**About the WTO**' (page 17) with the class on an overhead or in handouts. Read it with the group, ensuring everyone understands the content.
- Ask students to work in pairs and to pick out the most important, surprising or interesting point in the text. Discuss as a group.
- Consider these questions: Is the WTO trading system run fair or unfair? Who benefits most? Who benefits least? Should the process be changed in any way? What changes would the students recommend? Write these on the blackboard and affirm the students' work.

### Action Project

Research the WTO. See page 31 for relevant websites.



### Note to the teacher

You might need to give a reminder of the meaning of terms such as:

- ✍ processed foodstuffs (examples: coffee, orange juice, chocolate);
- ✍ import barriers (where a country blocks imports of a good by placing a tariff or import tax on it, or by restricting the quantity of a good that can enter a market by using a quota).

## **Cote d'Ivoire (Ivory Coast)**

**Your goal is to sell chocolate, which you produce at \$1 per kilo.**

You produce a lot of cocoa beans, which you sell abroad. However, if you could sell chocolate, you could earn more money. The problem is that rich countries charge an import tax on chocolate bars. This makes your chocolate more expensive to the consumer and they won't buy it. Rich countries allow you to freely sell cocoa beans to chocolate-makers in those countries. This doesn't earn you very much money.

You are a very poor country and can't afford to buy any imports from other countries.

## **US**

**You want to sell maize and drugs. You would like to buy computer chips.**

You can produce maize at \$1 per 10 kilos, which is very cheap. This is because the government gives maize farmers a lot of financial help.

A t-shirt made in the US costs \$10 to produce. Even though it would be cheaper to import clothes, you won't buy clothes from other countries in case people lose jobs in America.

A lot of American drug companies want to sell their products in developing countries but can't, because these countries allow local companies to copy their drugs and produce them at lower prices than American, brand-name drugs. You want to make sure countries don't allow people to copy drugs anymore.

## **Mozambique**

**You want to sell maize and need to buy cheap drugs.**

Most of the people in your country are small farmers, producing maize at \$2 for 10 kilos. As Mozambique is one of the world's poorest countries, the Government can't afford to help them in any way.

You can only afford to buy the cheapest drugs you can get. If you had to buy American or European drugs, many people simply couldn't afford them. You know that the drugs from India are copies of the American or European drugs. This doesn't matter in your opinion, as people have a right to medicine when they are sick.

## **EU**

**Your goals are to sell drugs and computer chips. You want to buy maize.**

You would like to sell drugs which are manufactured in Europe at \$20 for a course of drugs to cure the most common illnesses. You want to sell these drugs in developing countries but can't, because these countries allow local companies to copy their drugs and produce them at lower prices than European brand-name drugs. You want to make sure countries don't allow people to copy drugs anymore.

You produce computer chips at \$2 per chip. You won't allow any foreign computer chip makers to sell their goods on your market. You hope to sell your chips to America.

Europeans are big chocolate-eaters. You make chocolate for \$5 per kilo. It is very important that cheaper chocolate from other countries is not sold in Europe as people could lose jobs. This includes the dairy farmers who produce milk for the chocolate. You give these farmers financial support to keep them in business.

## **India**

**You want to sell computer chips and drugs. You need to buy clothes.**

You believe that the future for your country is in high-tech manufacturing. You produce computer chips at \$1 per chip and are trying to find new markets for them.

You have a large population of very poor people who cannot afford expensive medicines. You allow local companies to copy foreign drugs. The cost of producing them in India is very low, at \$10 for a basic course of drugs. These people could never afford to buy the original 'brand-name' drugs from America or Europe.

## **Honduras**

**You want to sell cotton shirts and need to buy maize.**

You can produce shirts for \$5 per shirt because you have a workforce that will work for very low wages.

You know that you could sell them in America, but the American Government are not keen to allow imports of clothes into America.

### Table One

| Country                     | Selling        | Could sell to... | Block to trade or competition from which country?                        | Buying         | In favour of which rules? |
|-----------------------------|----------------|------------------|--------------------------------------------------------------------------|----------------|---------------------------|
| Honduras                    | T-shirts       | America          | America protecting own clothing industry                                 | Maize          |                           |
| Cote d'Ivoire (Ivory Coast) | Chocolate      | Europe           | Europe protecting its own chocolate and farm industry                    | Nothing        |                           |
| US                          | Maize          | Europe, Honduras | Mozambique – potential competitor                                        | Computer chips |                           |
|                             | Drugs          | Mozambique       | India copying drugs and selling them at low prices                       |                |                           |
| Mozambique                  | Maize          | Europe, Honduras | Competition from America, which can afford to support its maize farmers. | Cheap drugs    |                           |
| EU                          | Drugs          | Mozambique       | India copying drugs and selling them at low prices                       | Maize          |                           |
|                             | Computer chips | America          | India – can produce chips for half the cost of EU chips.                 |                |                           |
| India                       | Computer chips | America          | Europe may strike a deal with America                                    | Clothes        |                           |

### Table Two

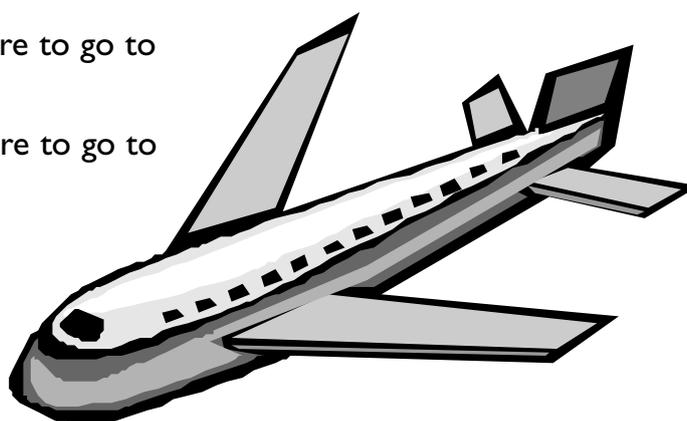
| Country                     | Selling | Could sell to... | Block to trade or competition from which country? | Buying | In favour of which rules? |
|-----------------------------|---------|------------------|---------------------------------------------------|--------|---------------------------|
| Honduras                    |         |                  |                                                   |        |                           |
| Cote d'Ivoire (Ivory Coast) |         |                  |                                                   |        |                           |
| US                          |         |                  |                                                   |        |                           |
|                             |         |                  |                                                   |        |                           |
| Mozambique                  |         |                  |                                                   |        |                           |
| EU                          |         |                  |                                                   |        |                           |
|                             |         |                  |                                                   |        |                           |
| India                       |         |                  |                                                   |        |                           |

## Rules

1. All countries must allow all manufactured products into their markets tax-free.
2. All countries must drop any barriers to processed food.
3. No country may give financial support to their farmers.
4. All countries must protect companies' right not to have their products copied and sold.

## Airfares

- **US:** You have enough airfare to go to **four** meetings.
- **EU:** You have enough airfare to go to **four** meetings.
- **India:** You have enough airfare to go to **three** meetings.
- **Honduras:** You have enough airfare to go to **two** meetings.
- **Mozambique:** You have enough airfare to go to **one** meeting.
- **Cote d'Ivoire:** You have enough airfare to go to **one** meeting.



**Table Three: Summary of country positions on WTO rules.**

| Rules:                                                                                     | Honduras  | Cote d'Ivoire<br>(Ivory Coast) | US        | Mozambique | EU        | India     |
|--------------------------------------------------------------------------------------------|-----------|--------------------------------|-----------|------------|-----------|-----------|
| 1. All countries must allow all manufactured products into their markets tax-free.         | In favour | In favour                      | Against   | n/a        | Against   | In favour |
| 2. All countries must drop any barriers to processed food.                                 | n/a       | In favour                      | n/a       | n/a        | Against   | n/a       |
| 3. No country may give financial support to their farmers.                                 | n/a       | In favour                      | Against   | In favour  | Against   | n/a       |
| 4. All countries must protect companies' right not to have their products copied and sold. | n/a       | n/a                            | In favour | Against    | In favour | Against   |

## About the WTO

The World Trade Organisation (WTO) is a forum where countries agree trade rules. The WTO was created on 1 January 1995. It replaced the General Agreement on Tariffs and Trade (GATT), a post-Second World War agreement to reduce barriers to trade between countries.

Currently, 142 countries are members of the WTO.

Many developing countries joined the GATT / WTO because rich countries appeared to be ready to open their markets to the two strongest developing country exports: textiles and agricultural products.

However, rich countries were able to create loopholes in the rules to prevent competition from poor countries for these industries. For example, rich countries promised to reduce support to their farmers. Due to a loophole, rich countries now actually spend more supporting their farmers than they did in 1995. For example, farmers in the US receive \$20,000 in subsidies from the US Government. They compete on national markets in the Philippines with farmers earning only \$200 per year.

There are around 3,000 meetings per year at the WTO in Geneva. Poor countries often cannot afford to go to many meetings. Japan has 25 negotiators at the WTO, Bangladesh has just one, and 29 of the poorest countries have none.

As the rules tend to be written by the richer and more powerful countries, they work in their favour. Rich countries ensure their corporations can enter and trade in poor countries, while poor countries are not allowed to protect their domestic industries which are vital for long-term development. The concerns of poor countries are overlooked, such as the right of the poor to cheap medicines or sufficient healthy food.



*Maize farmers such as Halima Ahmed Hassan from Ethiopia compete in an unequal market governed by the WTO.*

# ACTIVITY THREE: The Trade Chain

## Teaching Point

Under colonialism, poor countries' resources and people were exploited for the benefit of the wealthy in richer countries. This remains true to day. Students should learn how this inequality developed and how it is maintained under the current WTO system.

## Preparation/Materials

- Copy and cut into strips one set of the 'Trade Chain' cards (page 19) for each group of 2 / 3 students.
- Optional: copy page 29, Teachers' Notes, 'Exploring our World' onto acetate and use it to recap on the legacy of colonialism in terms of unfair trade.



## Activity

- Divide the class into groups of two or three.
- Give each group a set of the 'Trade Chain' cards.
- Explain key concepts and terms on the cards, such as: primary products; commodities; processing of agricultural products; taxes/tariffs on imports; agricultural subsidies; dumping; loopholes in rules etc (See Glossary: page 4)
- Tell the students that the cards describe trade between developing countries and developed countries from the end of the colonial era to the present. They have to put the cards in order.
- When one group thinks they have the correct order, they compare with a neighbouring group.
- Note that the first and last cards are marked as such.
- Read out the following introductory statement:

"Free trade between countries is, in theory, a very good thing. If there is no international trade, countries have to produce all the goods they need within their own borders. If countries trade with each other, each specialising in the things they are best at producing, everyone wins. It's good to have clear rules so that no-one can cheat anyone else. If everyone agrees the rules for trade together, then everyone will win - in theory, that is. Let's see what happens in reality...."

- When all the groups have had enough time to work on the sequence, ask one group to read out their first three cards in the order they believe is correct. Note that all cards have

letters for ease of reference when sequencing them.

- If another group thinks the first group have it wrong, they can say what card they think comes next and why.
- Continue until the sequence has been put in order. The correct order is: A,F,D,H,B,E,C,I,G.
- Ask students what pieces of information most interested them. Discuss these as a class.
- If you haven't done Activity 2, copy the Box 'About the WTO' on page 17 onto an overhead or give a copy to each pair and go through it with the class, to consolidate learning on the WTO.

## Optional wrap-up activities

### Legacy of colonisation

To consolidate learning on the inequality created under colonisation and its modern legacy, copy Page 29, Teacher's Notes, 'Exploring our World' (see page 31), onto acetate and talk through it with the class.

### Media exercise

The WTO is frequently the focus of media attention, particularly in relation to protests about the impact of WTO rules on global poverty, the environment and labour rights.

Encourage students to research different views on the WTO. Students may find a lot of media material relating to the protests at the Seattle Ministerial meeting of the WTO in November / December 1999, and the WTO meeting in Qatar, November 2001. See Resources (page 31) for useful websites.

# Trade Chains

## A: First card

When colonisation ended in the 1950s and 1960s, most developing countries were still producing the primary products their colonial masters had demanded – such as tea, coffee, sugar and copper – and exporting them to richer countries. Poor countries realised that they could get a better price if they processed and then exported these products.

## F

Richer countries saw this coming however. They allowed raw material from developing countries into their markets duty free, but slapped high taxes on the products that were processed, like orange juice, instant coffee and ...

## D

... cotton clothes or leather shoes. Rich countries therefore made sure that poor countries continued to produce primary products. In the early 1970s, this wasn't too bad – prices of commodities were high and stable. Then, disaster struck. Prices of goods such as of coffee, tea, cocoa and minerals started to tumble and ...

## H

...they kept on falling. By the 1980s, poor countries weren't just facing barriers in getting into rich country markets - rich countries had begun to dump their subsidised agricultural products on poor countries' markets.

## B

For example, the EU dumped beef on Southern African markets. The EU bought beef from European farmers at a high price and then sold it in South Africa at a very low price. This below-cost selling wiped out the beef farmers in Namibia who used to sell their beef in South Africa.

## E

In the early 1990's, a lifeline was offered to developing countries, or so they thought.

The World Trade Organisation (WTO) was set in 1995 up to increase free trade between countries. This replaced an earlier organisation called the GATT (General Agreement on Tariffs and Trade). Poor countries joined up, thinking that they would have an equal say in making the rules. They expected to be able to sell their agricultural products and textiles in rich countries' markets.

## C

However, they soon discovered that the days of unequal trading were not over because the rules of the WTO were written by rich countries. Poor countries had to allow goods from rich countries into their markets, but the EU and US used loopholes in the rules to keep poor countries' products out and to continue to protect their own industries. But the real winners at the WTO are not actually countries ...

## I

... they are Transnational Corporations (TNCs). TNCs are global businesses. They put pressure on their own governments to make rules at the WTO that will allow them to make profits worldwide. For example, the world's largest grain trading company, Cargill, persuaded the US to make sure that they could export their grain to all countries. Small farmers earning \$200 per year, who are hoping to expand and earn more income, find they simply can't compete against huge grain companies.

## G: LAST CARD

A new round of talks is now beginning at the WTO. Developing countries are determined to stand up to the richer countries. The WTO meeting in Seattle in 1999 broke down mostly because developing countries refused to accept the rules that the US, EU, Canada and Japan had written.

At WTO negotiations, developing countries are now saying:

- Trade rules must protect the poor rather than the profits of TNCs;
- Poor countries must be able to take part in all debates on rules;
- Rich countries must open their markets to poor countries' exports.

## **ACTIVITY FOUR: Poverty, Agriculture and Trade**

### **Teaching Point**

This role-play helps students appreciate the need to examine the impact of policies made in one country or region on people in another country. The majority of people in poor countries rely on agriculture to survive. However, political and economic decisions taken to support farmers in rich countries can have disastrous effects on farmers in poor countries and on food security (see Glossary, page 4).

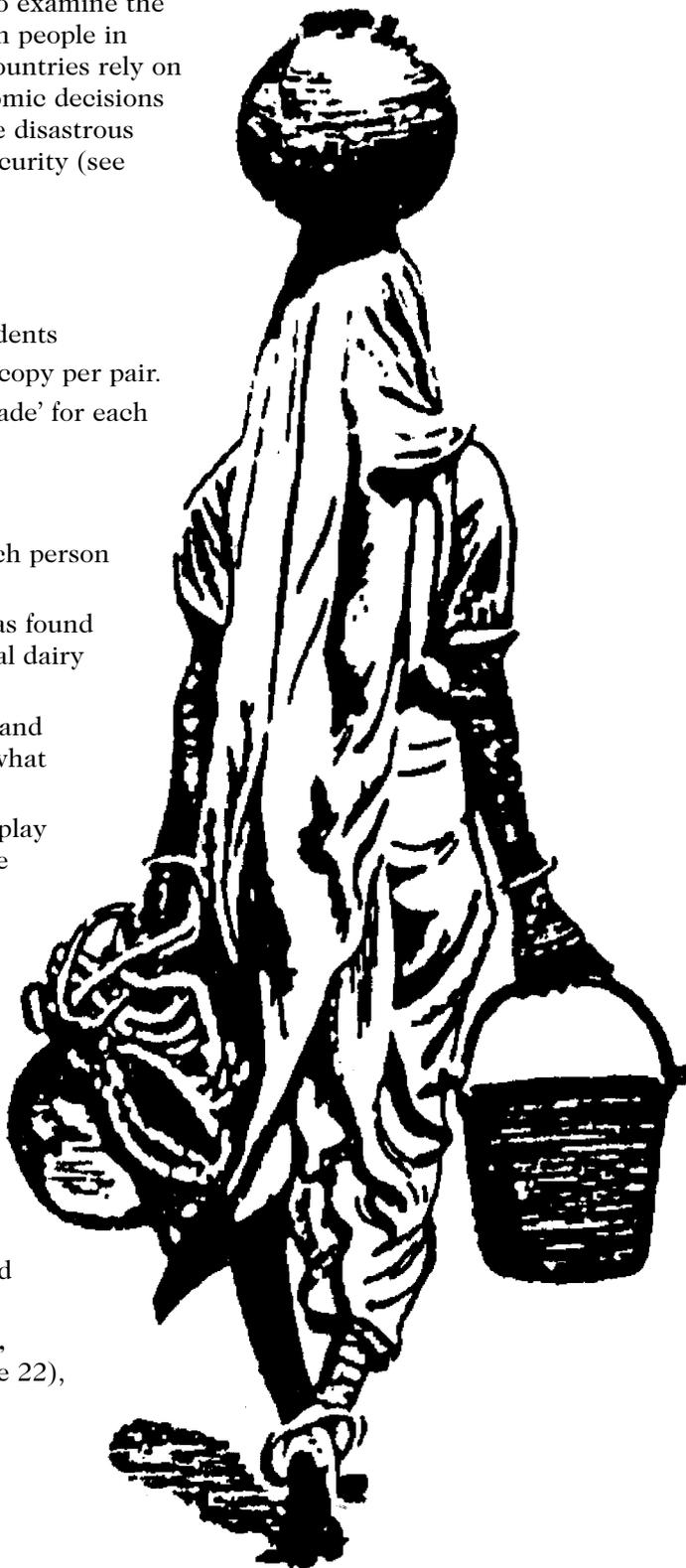
### **Preparation/Materials**

You will need:

- One set of role cards for each group of six students
- The 'Facts' box (page 22) on overhead or one copy per pair.
- Copies of the box 'Poverty, Agriculture and Trade' for each student or pair.

### **Activity**

- Divide the class into groups of six and give each person a role card.
- Explain that a woman farmer from Namibia has found that she can no longer sell her milk to the local dairy and she wants to find out why.
- She will go to each of the people in the group and explain her story to them. She will ask them what they could do to help her.
- When each group has had time to do the role play on their own, ask one group volunteer to come forward and perform it for the class.
- After every conversation, discuss how the woman feels.
- At the end, discuss the issue briefly with the class as a whole.
- Ask each group to reform and to address this question: "If all of the characters were to get together and try to find a fair solution for everyone, what might be done?" Ask them to make sure that every character's concerns are addressed.
- Ask the groups to feed back their solutions and dilemmas to the wider group.
- If you have time, examine the Boxes: 'Poverty, agriculture and trade' and 'facts' in class (page 22), if not, set homework as outlined below.



### **Homework**

- Give each student a copy of the Box: 'Poverty, agriculture and trade' and the 'facts' box on page 22.
- Ask them to read the boxes and to choose one point which they think is particularly important or interesting.
- Ask them to write a short paragraph outlining why they think this is an important point.

# Role Play Cards

## **Minister for Agriculture, a European country**

You are under pressure. There is an election coming up soon and the farmers – who are a very large and important group – have said they won't vote for your party unless you help them sell their goods at high prices. The problem is that there is too much food being produced in Europe. You decide to sell the extra food in a Third World country. But... farmers in poor countries can produce food a lot more cheaply than European farmers. So you decide to use taxpayers' money to pay your farmers a high price for their food. Then you sell the food at very low prices in a Third World country. The taxpayer doesn't know what you are doing with their money, the farmers are happy and you get re-elected - perfect!

## **European farmer**

You are struggling to survive on your farm, which has been in your family for generations. You are competing with farms that just get bigger and bigger all the time. That means they can produce food cheaper than you can. The only way to compete is to use as much fertiliser and pesticide as you need to make your crops grow bigger, faster. You are working harder and harder but it is still difficult to keep going. You are thinking of selling your farm to your neighbour, who owns a bigger farm. However, if you could get a high enough price from the Government for your extra crops, you could stay on your farm.

## **European consumer**

You have to keep your household bills down as your three children are growing up and need all sorts of things. Your eldest is going to university and that costs a lot of money. It's important to you that food is cheap and you have even written to the Minister for Agriculture asking him to promise that if he is elected, he will try to bring down the price of food. You are sometimes a bit suspicious of the food you buy however – how could all those carrots be so perfect and grow to the exact same size? They don't really taste very much like carrots either. You wonder if we'd all be better off paying a bit more for healthy food...?

## **Small Namibian farmer**

You are a woman farmer in Namibia, a poor country in Southern Africa. You have four children and live in a remote area, five hours walk to the nearest market town. You have a herd of dairy cattle and you sell milk to a dairy in the town. Or at least you did until recently. A month ago, the dairy stopped buying your milk. You decide to go to see the manager and ask him why he isn't buying your milk as now you have to survive on a quarter of the income you had before. Your youngest cries from hunger and you don't know how you are going to pay school fees for the other three.

## **Namibian dairy manager**

A woman from a nearby village has come to see you. You used to buy milk from her, but now you can buy imported milk and beef from Europe at half the price of local milk and beef. Local people couldn't possibly sell their milk and beef at such a low price – they wouldn't even earn enough to feed their cows! You think it is very sad that the woman can't sell her milk and beef but there is nothing you can do. A South African dairy has just set up down the road and they are buying the European milk. If you want to stay in business, you'll have to do the same.

## Poverty, agriculture and trade

Seven out of ten of the world's poor earn their living from agriculture. If developing countries could get a better deal in agricultural trade, many people could be lifted out of poverty. However, rich countries have always protected their agricultural industries.

Rich countries help their farmers to produce food and pay them high prices for food which they cannot sell. The EU uses taxpayers' money to buy farmers' extra produce. Then it sells this produce at a low price to other countries. The European taxpayer loses out and the larger, wealthier farmers gain most

Because there is a large supply of cheap food coming onto other countries' market from the EU, the price everyone can get for their food falls. Farmers in developing countries – whose governments can't afford to support them to produce cheaper food – may go out of business.

Every year, rich countries spend over \$300 billion helping farmers to produce and export food. This is more than the income earned by every man, woman and child combined in sub-Saharan Africa.

'Food aid' is often dumped in poor countries, not at times of famine, but when world prices are low and it cannot be sold. This can put local farmers out of business and in the long-run, is bad for supplies of food for the local people. If they need food in the future, but world prices are high, their government may not be able to afford to buy imported food and they won't have local farmers to rely on.

## Facts

- 70% of people in Africa live off agriculture.
- The majority of people in Africa south of the Sahara live on less than \$1 a day.
- Greater access to agricultural markets of developed countries would increase incomes in Africa by \$6 per person per year.
- The EU is responsible for 85% of subsidies on agriculture worldwide. This gives European farmers and agri-businesses an unfair advantage over farmers and businesses in other countries and reduces opportunities for African farmers to trade their way out of poverty.
- Women produce between 70% and 75% of all food in Africa south of the Sahara.
- Fifty years ago in Europe, between 50 and 60 pence out of each pound spent on food by the consumer was returned to the farmer. It is now as low as nine pence.
- In the EU today, 90% of children between the ages of 7 and 12 know how to use a computer, but only 20% know how to cook a potato.

# Section III

## *TNCs: who wins, who loses, who chooses?*

### Aims

- To examine the impact of transnational corporations (TNCs) on workers and communities worldwide (see Glossary, page 4);
- To identify ways in which the students can take action to promote corporate responsibility.

## **ACTIVITY ONE: TNCs - footloose and fancy free?**

### Teaching Point

TNCs control two thirds of world trade and have tended for decades to shift location to the countries where wages are lowest and they are least restricted by labour laws and environmental controls. This creates downward pressure on labour rights. This exercise allows students to examine the motivations behind companies' behaviour in selecting production locations and to look at the impact of footloose industry on local communities and labour rights.

### Preparation/Materials

- At least six copies of both case studies depending on group size (page 24).
- Six or more copies of the box 'The Hearing' depending on group size (page 24).
- Optional: copy the 'Facts on TNCs' on Page 25 onto an overhead or for each student, for discussion.

### Activity

#### Stage One

- Divide the class into six groups.
- Give each of the groups several copies of the 'Fruit of the Loom' case study (page 24) and ask them to read it.
- Clarify any difficult points or language.
- Explain that a public hearing will be held at which everyone involved in the situation will get a chance to say what they feel the problem is and what they feel should be done about it.
- Ask one group to volunteer to be 'judges' in a hearing (see 'The Hearing' for judges' role).
- Allocate a role (see 'Roles' below) to each of the other groups.
- Ask each group to re-read the case study from the point of view of the character(s) they now represent.
- Give the groups time to discuss their position and come up with their main problem and solution.
- Arrange the room so that there is a judges' table at the top and a witness box to the side.
- Hand out copies of 'The Hearing' and talk through the process.
- Carry out the hearing.
- Summarise the main problems and solutions groups came up with.

#### Stage Two

- Give the students the 'Nike' case study (page 24). Ask students to identify in what ways it was similar and in what ways it was different from the Fruit of the Loom case study.
- In small groups, ask the students to discuss the following dilemma:

If a government insists on decent wages, reasonable hours and healthy conditions for its workers, costs of production may rise. The company may move to another country where workers' rights are not respected and therefore costs are lower. **Should the government insist on workers' rights?**

- Discuss students' responses to the above dilemma.
- Wrap-up by saying that both Governments and employers have a responsibility to ensure that workers are not exploited. It is inevitable that companies move from one country to another, but they should not be allowed to exploit workers in order to lower their costs.

#### Roles

1. Manager in Fruit of the Loom Headquarters, US
2. Workers in Derry and Donegal
3. Workers in Morocco
4. Government in Ireland / Northern Ireland
5. Government in Morocco

#### Optional follow-up: Background & Facts on TNCs

Copy and distribute page 25. Ask the students to pick out one point which they find particularly interesting or surprising. Discuss as a whole group.

### Case Study 1: Fruit of the Loom

In early 2001, US company Fruit of the Loom pulled out of Donegal and Derry, saying that the cost of production there was too high, and moved its production to Morocco. As a result, 800 workers lost their jobs. Shortly afterwards, eight union leaders who had established a trade union in the Moroccan Fruit of the Loom factory were fired. Armed guards were hired to threaten workers who attended trade union meetings.

Neil Kearney from Donegal is head of an international trade union for textile workers, the International Textile, Garment and Leather Workers Federation (ITGLWF). Kearney says the company probably pulled its production out of Ireland simply to avoid dealing with a unionised workforce just as it has been doing in the United States for years. "Of course, these workers in Morocco need the jobs, but, unless they have the right to organise and bargain collectively for decent wages and working conditions, neither the workers nor their communities will benefit", concluded Kearney.



### Case Study 2: Nike

On January 11, 2001, the director of a Nike factory in Indonesia threatened that Nike would move up to 20% of its Indonesian orders to Vietnam. The reasons given were that labour costs were lower in Vietnam and workers were not trying to organise for their rights. The Vietnamese Government keeps workers under strict control, in order to attract foreign companies.

The threat to move Nike's production came after the Indonesian Government announced plans to increase its minimum wage. The Government said that its minimum wage in some areas covered as little as two-thirds of a worker's basic daily needs. The basic wage paid to Nike workers would have increased from \$37 to \$46.25 per month.

Workers in Indonesian factories have been trying to organise in trade unions so they can bargain with management for a living wage. In Indonesia, one chicken costs the equivalent of a day's wages for a Nike worker. However, union leaders have faced death threats, beatings and bullying as a result of trying to organise the workers to claim their rights.



### The Hearing

- ✍ Each group nominates a spokesperson and each spokesperson goes up in turn to make their statement at the witness box and offer their solution.
- ✍ Once every group has made a statement, any group can ask the judges' permission to cross-examine another group. Each group can only cross-examine one other group.
- ✍ The judges must decide what the fairest solution is.
- ✍ The judges ask if everyone agrees. If a group disagrees, they can appeal the decision and it goes to majority vote.
- ✍ If most people vote for the judges' decision, it is final.
- ✍ If most people vote against it, the judges have to find another solution.

# Background Information: Transnational Corporations (TNCs)

## What is a Transnational Corporation (TNC)?

TNCs are international companies. They do business in more than one country. Many are more powerful than all but the world's largest countries.

TNCs may have their headquarters in Hong Kong but their factories in Sligo or China. You might recognise the brand names that they own, but might not know the name of the TNC, for example:

### Unilever

Brands include: Blue Band, Flora, I can't believe it's not butter, Brooke Bond, PG Tips, Chicken Tonight, Oxo, Bird's Eye, Feast, Magnum, Solero.

### Nestlé

Brands include: Nescafé, Crosse & Blackwell, Findus, Chef, Perrier, Aero, KitKat, Rolo, Smarties, Quality Street.

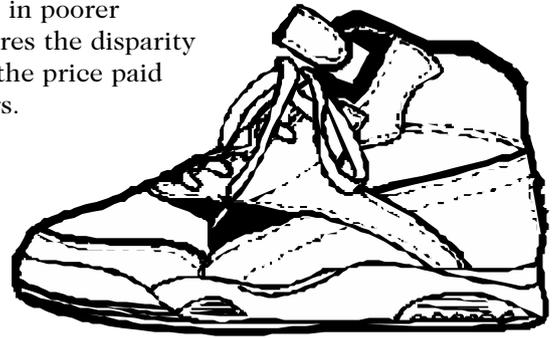
### Facts on TNCs

- TNCs control 70% of world trade, produce 25% of world output but employ only 5% of the world's labour force.
- Of the world's largest economic entities, 51 are TNCs and 49 are countries.
- Shell Oil's sales are the same size as the economy of South Africa.
- Oil company BP's profits of IR£3.57 billion from May-June 2001 alone are enough to give everyone on the planet IR 62p.
- Just 2% of Nike's international marketing budget would be enough to double the wages of the workers making its shoes in Indonesia.
- Five TNCs control global 75% of global trade in grains. Just one of those, Cargill, controls 45% of global trade in grains.
- TNCs hold 90% of all technology and product patents.
- Ireland has produced two billionaires who are heads of TNCs: John Dorrance (Campbell soups: IR£1.52 billion) & Tony O'Reilly / Chrys Goulandris (Heinz / Independent newspapers: IR£1.1 billion).

# ACTIVITY TWO: Sportshoes – who pays, who wins?

## Teaching Point

Sportshoes are one example of a product produced in factories in poorer countries, mostly in Asia, for a large TNC. This exercise explores the disparity between the wage earned by workers who produced the good, the price paid by consumers and the profit made by the TNC and other actors.



## Preparation/Materials

- Copy of Table 4 below on blackboard / overhead

## Activity

- Divide the class into small groups of 2-4.
- Tell the students that sportshoes are made in factories in many parts of the developing world such as Thailand, Indonesia and China. Some such shoes sell for £100 in our shops.
- Tell the students they are going to try to work out how much of that £100 is spent on the five main groups involved in making and selling the sportshoes.
- Draw Table 4 on the blackboard or put on an overhead. Ask each group to copy the table.
- Ask them to guess how the £100 a customer might pay for a pair of sportshoes would be divided amongst the people / organisations in the first column.
- When they have finished, read out the real figures and allow them to fill them in.
- Take feedback: are the students surprised? What surprises them most?
- Read out the following and discuss:

### Is this fair?

A Nike factory worker in Indonesia would have to toil for 139 years to earn what golf star

Tiger Woods gets in a day. He earns \$55,555 a day in sponsorship fees from Nike. But in a small town in Indonesia where Nike sportshoes are made, 23-year-old Julianto earns \$2 a day, which barely covers his cost of living.

- Ask the students to fill in the final column, inserting the amount which they feel the different people should get, for a fair deal to be done.

| Real division of proceeds* |             |
|----------------------------|-------------|
| Worker                     | £0.40p      |
| Local factory              | £11.60      |
| Transport & tax            | £5          |
| Brand name company         | £33         |
| Shop                       | £50         |
| <b>Total</b>               | <b>£100</b> |

\* Source: Clean Clothes Campaign: Oct 2001: [www.cleanclothes.org](http://www.cleanclothes.org)

**Table 4: Sportshoes: who pays, who wins?**

|                                        | Estimate    | Reality     | Ideal       |
|----------------------------------------|-------------|-------------|-------------|
| Worker                                 |             |             |             |
| Local factory                          |             |             |             |
| Transport & tax                        |             |             |             |
| Brand name company (Nike, Reebok etc.) |             |             |             |
| Shop                                   |             |             |             |
| <b>Total</b>                           | <b>£100</b> | <b>£100</b> | <b>£100</b> |

## ACTIVITY THREE: Power Play

### Teaching Point

Media reports about sweatshop conditions often lead to companies pulling out of a factory, rather than working to address the problems there. In this exercise students learn how consumers can have a positive impact on companies by writing to them. They should be challenged to question the impact of boycotts on workers.

### Preparation/Materials

- One copy of the case study per pair.
- The discussion questions on an overhead or one copy per pair.

### Activity

- Ask each pair to read the McDonalds case study and address the following questions:

1. Who had power in this situation?
2. Did all individuals / groups have equal power?
3. What had to happen to make the different groups use their power (e.g. consumers needed to be informed etc.)
4. What is the main lesson you would draw from this case study?

- Facilitate feedback from the class on all questions.
- Explain that when people hear about bad working conditions in factories making goods



which we buy, people may tend to **boycott** that company. Ask the students what they think the impact of this might be?

*Note:* In Trócaire's view, boycotts should only be used when they are called for by the people who are most affected by the injustice (e.g. South Africa during the Apartheid era or Burma, whose democratically elected Government has been denied the right to take power by the military regime). Otherwise, vulnerable workers may lose their jobs and find themselves in even more difficult circumstances.

### Case study: McDonalds

In August 2000, workers in a factory producing toys for McDonalds in China were being forced to work 15 – 20 hours per day in very bad conditions. Child labour had also been used in the previous two months. McDonald's agent in Hong Kong had contracted the factory to produce toys for Happy Meals.

This information was printed in Hong Kong's biggest selling daily newspaper, the South China Morning Post. McDonalds claimed it had no knowledge of these conditions and immediately launched its own investigation. When the reports turned out to be true, McDonalds supported the decision of its Hong Kong agent to cut its contract with the factory. Thousands of workers lost their jobs.

An international campaign was launched to get McDonalds to go back to the factory, re-employ the workers and improve working conditions. In Ireland and Northern Ireland, Trócaire and the Irish Congress of Trade Unions asked people to write to McDonalds. The campaign worked: McDonalds agreed to hold talks with the factory in order to improve conditions and renew its contract.

# ACTIVITY FOUR: Codes of Conduct

## Teaching Point

A Company Code of Conduct is a statement about the conditions in a workplace with which a supplier must comply. Many companies such as Nike, Levi's etc have introduced Codes of Conduct as a result of consumer protests about the conditions in factories where their products are made. Students should become aware that to be meaningful, codes must cover all basic labour rights, be rigorously implemented and independently monitored.

## Preparation/Materials

- Copy 'Codes of Conduct' (Page 29) onto an acetate.
- You will need a few flip-chart sheets, markers and blu-tack.

## Activity

- Divide the class in two halves:
- Explain that most companies like Nike, Reebok etc. have goods made for them by factories in poorer countries. They don't usually own these factories. However, because they are big customers, they can ask for certain things to be done, including that workers' rights be respected.
- One half of the class are the managers in a TNC. They have to draw up a list of conditions which they will ask their supplier factories to meet on a flip-chart sheet.

### For example:

- ✍ Child labour must not be used.
- ✍ Workers must be given at least a half hour for lunch.

- This list of conditions can be called a 'Code of Conduct' for companies.
- The other half are workers in a factory producing toys, shoes or clothes for a TNC. They also draw up a list of working conditions which their factory should respect.
- Both write their 'Codes' on flip-chart sheets.
- When both groups are ready, bring the class back together and compare the 'Codes'. Are there any differences? Why?
- Put 'Codes of conduct' (page 29) on an overhead and talk through it. Why are all of these conditions important?
- Examine the Key Questions on Codes (below): why are these important?
- To affirm response to the above, read through the 'Important points about Codes of Conduct' (page 29).
- Move on to Activity Five for a campaigning action (page 30).

## Key questions on Codes

1. Is the Code independently monitored – that is, does an investigator who is independent from the company go into the factory to check that conditions are as good as the company claims?
2. Are results of independent monitoring made available to the public?
3. Instead of cutting contracts with problem suppliers, will the company guarantee that it will work with them to improve labour standards?

## **Codes of Conduct**

A Code of Conduct should include the following:

1. No forced labour;
2. Workers' right to organise and bargain as a group, for example in a trade union, must be respected;
3. Working conditions are safe and healthy;
4. Child labour shall not be used. Where children are found to be working, they shall be given access to education and another member of their family will be employed to ensure no loss of income to the family;
5. Living wages must be paid; that is, enough to meet a workers' basic daily needs and the needs of a small family, along with enough money to allow the worker to save or for other non-essential goods;
6. Working hours must not be greater than 48 hours per week; overtime must not be greater than 12 hours per week and all workers must have at least one day off per week;
7. There must be no discrimination between workers and each worker must have the same opportunities as any other worker;
8. Employees must be given legal contracts and get proper payslips showing their hours worked and rate of pay;
9. Harsh treatment, verbal or physical, must not be allowed.

### **Important points about Codes of Conduct:**

#### **Trade Unions**

Codes are a useful tool as they mean a company has to prove to the outside world that it is putting good working conditions into practice. However, in the long-term, it is important that workers can stand up for their own rights. For this to happen, they need to be able to organise as a group, usually in trade unions. All companies should allow workers to organise together to bargain for their rights. This should be in their Code.

#### **Independent Monitoring & Public information**

If a company won't allow people to know what is happening in their factories, people won't know whether the Company is really respecting workers' rights or if their Code is meaningless. Independent inspectors or monitors should be allowed to visit factories and the results of their investigations made freely available to the public.

## ACTIVITY FIVE: Do the Write Thing!



### Teaching Point

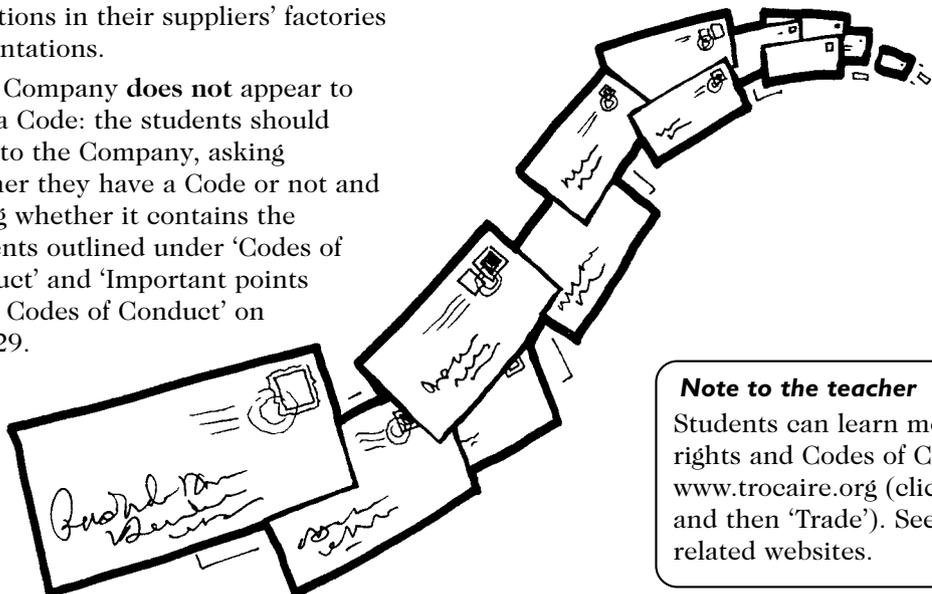
TNCS are very sensitive to the opinions of consumers. However, students may feel that they are too young to make a difference as consumers. This exercise will allow them to take action on a company of their choice, which makes or sells products relevant to their lives. It reinforces the practice of seeking corporate responsibility by writing to a company and asking specific questions about labour practices.

### Preparation/Materials

- This exercise requires that students have access to the internet. If this is not readily available in students' homes or in the school, contact local libraries to see if they provide internet access to the public.
- Optional: A copy of the model letter from [www.trocaire.org](http://www.trocaire.org) (campaigns - trade) for each student.

### Activity

- Ask students to work in pairs or small groups and think of a company they would like to investigate, in order to see how the people who make their products are treated.
- Ask students to look up the company's website and find out whether they have a 'Code of Conduct', also sometimes called a 'Code of Practice', 'Guidelines for Social responsibility' or similar.
- Students can search for more information about a company's practices on the internet, using some of the websites listed under **Resources** (Page 31).
- If the Company **does** have a Code: the students should write to the company, noting any concerns or information they have about conditions in their suppliers' factories or plantations.
- If the Company **does not** appear to have a Code: the students should write to the Company, asking whether they have a Code or not and asking whether it contains the elements outlined under 'Codes of Conduct' and 'Important points about Codes of Conduct' on page 29.



### Trócaire Campaigns: options to get involved

Trócaire campaigns to tackle the root causes of poverty and injustice because it is only by changing the structures that perpetuate poverty and injustice that we can have a real impact on the lives of the poor.

Trócaire challenges the Government and international institutions on issues such as Third World debt, trade, slavery, war, poverty and human rights.

Trócaire has successfully helped to combat slavery by pressuring Governments worldwide to implement anti-slavery laws. As a result of Trócaire's campaigning work with other organisations, several transnational companies have begun to implement Codes of Conduct which demand respect for basic labour standards in the toy and banana industries.

Trócaire produces monthly email actions on important current issues. Trócaire also produces Campaigns briefings and Updates on its major campaigns.

Young people can get involved in Trócaire's campaigns by logging on to [www.trocaire.org/campaigns](http://www.trocaire.org/campaigns), emailing [campaigns@trocaire.ie](mailto:campaigns@trocaire.ie) or contacting Trócaire (see back cover) by phone or letter.

#### Note to the teacher

Students can learn more about workers' rights and Codes of Conduct on: [www.trocaire.org](http://www.trocaire.org) (click on 'Campaigns' and then 'Trade'). See page 31 for other related websites.

# Resources & Contacts

## Teaching resources on trade

All resources below are available from Trócaire Resource Centre (Cathedral St., Dublin 1 – see back cover for contact details).

**Exploring Our World** – Investigating issues of interdependence and social justice in the 21<sup>st</sup> century. An Active Learning Geography Resource for Key Stages 3 and Junior Certificate.

One World Centre for Northern Ireland, 2001, £25.00/€31.74/stg£20, ISBN 0 9525929 1 6

**Peter's Projection Map of the World** (folded), 85cm x 60cm (approx), Traidcraft, £2.50/€3.17/stg£2  
This map represents countries accurately according to their surface areas.

**Trading Game** AGE 14 +  
Christian Aid, (Revised) 1998, £2.50/€3.17/stg£2, 90 mins+, Players: 15-30

**Chocolate Game** - New Fair Trade Edition (Revised Edition) AGE 11+  
Leeds DEC, 1999, £4.00/€5.08/stg£3.17, 60-90 mins, Players: 18 - 50, ISBN 1 871268 16 8

**The Truth About Bananas**-an Information and Activity Pack on the Global Banana Trade for Group leaders AGE 14+  
Banawatch/Banalink, 1999, £5.00/€6.35/stg£4

**The Rough Guide to Globalisation** - A CAFOD Briefing  
CAFOD, 2000, free

**Just a Second! The Arms Trade - Sowing the Seeds of War** AGE 14+  
AfrI, 2000, £4.00/€5.08/stg£3.17

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## Videos

**Fair Comment**  
Fairtrade Mark Ireland, 2001, £7/€8.89/stg£5.55, 25 mins - 3 sections, 8 minutes each, senior cycle. With teacher's notes.

**Trade Justice** AGE 12-16  
CAFOD, 2001, 11 mins (formal), 5 mins (informal),. With teacher's/leader's notes.

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## Websites

### Organisations/campaigns

[www.trocaire.org](http://www.trocaire.org)  
Campaigns, trade, labour rights, WTO

[www.cafod.org.uk](http://www.cafod.org.uk)  
Trade & globalisation campaign and background information

[www.corpwatch.org](http://www.corpwatch.org), [www.corporatewatch.org.uk](http://www.corporatewatch.org.uk)  
Corporate Watch: two independent watchdogs monitoring large corporations; links.

[www.sweatshopwatch.org](http://www.sweatshopwatch.org)  
Monitoring TNCs such as Nike, Reebok etc.

[www.labourbehindthelabel.org](http://www.labourbehindthelabel.org)  
UK-based Clean Clothes Campaign website.

[www.cleanclothes.org](http://www.cleanclothes.org)  
Organisation aiming to improve working conditions in the global garment industry

[www.nikewages.org](http://www.nikewages.org)  
Campaign site on Nike, with further links.

<http://bananas.agoranet.be>  
Banana campaigns

[www.fairtrade.org.uk](http://www.fairtrade.org.uk) and [www.ifat.org](http://www.ifat.org)  
Two organisations dealing with fairtrade.

[www.nologo.org](http://www.nologo.org)  
TNCs, campaigns, branding, links

[www.oneworld.org](http://www.oneworld.org)  
Link to over 200 organisations. Search under topics or by organisation.

### Companies/business:

[www.bized.ac.uk](http://www.bized.ac.uk)  
Information on businesses and companies worldwide: educational site with good search facility.

[www.nikebiz.com](http://www.nikebiz.com)  
Nike's website

[www.forbes.com](http://www.forbes.com)  
The world's richest people and companies

[www.wto.org](http://www.wto.org)  
World Trade Organisation

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## Organisations

**Trócaire**  
See back cover.

**One World Centre for Northern Ireland**  
4 Lower Crescent Belfast, BT7 1NR  
Tel/Fax: (028) 9024 1879  
Web: [www.belfastdec.org](http://www.belfastdec.org)

**Fairtrade Mark Ireland**  
Carmichael House, North Brunswick Street  
Dublin 7, Tel/Fax: (01) 475 3515  
Email: [info@fair-mark.org](mailto:info@fair-mark.org)  
Web: [www.fair-mark.org](http://www.fair-mark.org)



# TROCAIRE

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- 12 Cathedral Street, Dublin 1.  
Tel/Fax: (01) 874 3875 e-mail: [info@cs.trocaire.org](mailto:info@cs.trocaire.org)
- 50 King Street, Belfast BT1 6AD  
Tel: (028) 90 80 80 30 Fax: (028) 90 80 80 31 e-mail: [info@bl.trocaire.org](mailto:info@bl.trocaire.org)
- 9 Cook Street, Cork,  
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