

**LESSON 8: BENEFITS OF GLOBALIZATION: FOREIGN DIRECT INVESTMENT**

**INVESTMENT-** is an asset or item acquired with the goal of generating income or appreciation.

**WHAT IS A FOREIGN DIRECT INVESTMENT (FDI)?**

- A foreign direct investment (FDI) is a purchase of an interest in a company by a company or an investor located outside its borders.
- Generally, the term is used to describe a business decision to acquire a substantial stake in a foreign business or buy it outright to expand its operations to a new region.

**HOW FOREIGN DIRECT INVESTMENTS (FDI) WORK?**

- Companies considering a foreign direct investment generally look only at open economies that offer a skilled workforce and above-average growth prospects for the investor.
- Foreign direct investment frequently goes beyond capital investment. It may include the provision of management, technology, and equipment as well.
- A key feature of foreign direct investment is that it establishes effective control of the foreign business or substantial influence over its decision-making.

**FOREIGN DIRECT INVESTMENTS CAN BE MADE IN VARIOUS WAYS:**

- a. opening a subsidiary or associate company in a foreign country,
- b. acquiring a controlling interest in an existing foreign company,
- c. or utilizing a merger or joint venture with a foreign company.

**TYPES OF FOREIGN DIRECT INVESTMENT**

- horizontal direct investment, a company establishes the same type of business operation in a foreign country as it operates in its home country.
- vertical investment, a business acquires a complementary business in another country.

- conglomerate type of foreign direct investment, a company invests in a foreign business unrelated to its core business. Since the investing company has no prior experience in the foreign company's area of expertise, this often takes a joint venture.

**WHAT IS THE DIFFERENCE BETWEEN FDI AND FPI?**

- ✓ Foreign portfolio investment (FPI) is the addition of international assets to a company's portfolio, an institutional investor such as a pension fund, or an individual investor.
- ✓ It is a form of portfolio diversification achieved by purchasing the stocks or bonds of a foreign company.

**WHAT ARE THE ADVANTAGES AND DISADVANTAGES OF FOREIGN DIRECT INVESTMENT (FDI)?**

- FDI can foster and maintain economic growth, both in the recipient country and in land investing. Developing countries have encouraged FDI to finance the construction of new infrastructure and the creation of jobs for their local workers. On the other hand, multinational companies benefit from FDI to expand their footprints into international markets.
- However, a disadvantage of FDI is that it involves the regulation and oversight of multiple governments, leading to a higher level of political risk

**EXAMPLES OF FOREIGN DIRECT INVESTMENT (FDI)**

- One of the most prominent examples of Foreign Direct Investment (FDI) in the world today is the Chinese initiative known as One Belt One Road (OBOR). This program sometimes referred to as the Belt and Road initiative, involves a commitment by China to substantial FDI in a range of infrastructure programs throughout Africa, Asia, and even parts of Europe. The program is typically funded by Chinese state-owned enterprises and organizations with deep ties to the Chinese government. Similar programs are undertaken by other nations and international bodies, including Japan, the United States, and the European Union.

**LESSON 9: BENEFITS OF GLOBALIZATION:  
TECHNOLOGICAL INNOVATION****TECHNOLOGICAL INNOVATION**

- is the process where an organization (or a group of people working outside a structured organization) embarks on a journey where the importance of technology as a source of innovation has been identified as a critical success factor for increased market competitiveness.
- Comprise new products and processes and significant technological changes of products and processes and significant technological changes of products and processes. Innovation has been implemented if it has been introduced on the market (product innovation).

**TECHNOLOGY**

- is applying scientific knowledge for practical purposes or the branch of knowledge concerned with applied sciences.

**INNOVATION**

- is evolutionary and is a response to an unsolved problem and unexploited opportunity. It is the effort to create purposeful, focused change in an enterprise's economic or social potential.

**CREATIVITY AND INNOVATION****CREATIVITY**

- involves the use of imagination or original ideas to create something.
- Creativity is the idea phase and Innovation is the action phase

**INNOVATION**

- is the act of introducing something new.

**INVENTION AND INNOVATION****Invention**

- is the creation of a new product or service or process
- may have economic or non economic
- is based on a new idea that is turned into some conceptual model that demonstrates the feasibility.

**Innovation**

- introduces new product or services or process motives
- always has economic reasons
- concerned with developing and implementing new systems.

**IMPORTANCE OF TECHNOLOGY INNOVATION**

- Technology innovation can be a crucial component of any effort to address needs and better serve individuals and families.
- Encourages experimentation with various IT providers at low cost and low risk, leading to innovative ways of using technology to deliver healthcare and human services.

**TECHNOLOGICAL EXAMPLES**

- wind turbines
- photovoltaic cells
- concentrated solar power
- geothermal energy, ocean wave power, and many other emerging innovations.

**CHANGES DUE TO TECHNOLOGICAL INNOVATION**

- Transportation
- Communication
- Education
- Job Creations
- Health Care
- Relationships
- Crime Detection

**TYPES OF INNOVATION****Incremental Innovation**

- these are small but important improvements in a product, process or service.

**Modular Innovation**

- do not alter the overall product structure but change can occur in the component technology.

**Architectural Innovation**

- these innovations take existing technologies and link new technologies in novel ways; they are built not on new technological breakthroughs but on integrating competencies.

**Radical Innovation**

- these innovation are revolutionary.

**LESSON 10: RISKS OF GLOBALIZATION MOST PREVALENT RISKS ARE:**

- equity distribution
- national sovereignty and
- interdependence

**EQUITY DISTRIBUTION**

- ✓ The benefits of globalization can be unfairly skewed towards rich nations or individuals. This creates greater inequalities and leads to potential national and international conflicts. As a result, "the rich get richer, the poor get poorer because the rich countries have more resources and capital to do business. Their industries produced more chemicals damaging the environment, yet the worst damage was experienced by the least contributors like the developing countries.

**HOW EQUITY DIFFERS FROM EQUALITY?**

- ✓ Equality generally refers to equal opportunity and the same levels of support for all segments of society.
- ✓ Equity goes a step further and refers to offering varying levels of support depending upon the need to achieve greater fairness of outcomes.

**INTERDEPENDENCE**

- the dependence of two or more people or things on each other.
- Globalization leads to interdependence between nations, which could cause regional or global instabilities if local economic fluctuations impact many countries relying on them.

**NATIONAL SOVEREIGNTY**

- The supreme, absolute, and uncontrollable power by which an independent state is governed and from which all specific political powers are derived; the intentional independence of a state, combined with the right and authority of regulating its internal affairs without foreign interference.

**THE ADVANTAGES OF GLOBALIZATION**

1. Building up the economic and social structures of struggling countries and economies through free trade
2. Creation of a world-power and less and less compartmentalized power sectors
3. Learning about and sharing new and exciting cultures with one another
4. The opportunity and desire for prosperous nations to help countries struggling with severe issues like unemployment, disease, and natural disasters
5. A more significant opportunity for travel and it increases free trade between nations.

**THE DISADVANTAGES OF GLOBALIZATION**

1. The oppression of weaker and poorer economies by more robust ones; 'the rich get richer, the poor get poorer.'
2. The danger of job loss, with specific industries and sectors sending jobs to countries where workers are willing to do the same amount of work or more for smaller wages
3. Multinational corporations often get away with poor, unsafe, unethical, or exploitative working conditions due to variations in laws and regulations from one country to another
4. Multinational corporations can exploit tax haven nations, sending large portions of revenue offshore to avoid taxation.

**LESSON 11: EMERGENCE OF ECONOMIC SYSTEM****ECONOMIC SYSTEM (ECONOMIC ORDER)**

- is a system or production, resource allocation, and distribution of goods and services within a society or a given geographic area.
- Organizes the distribution and exchange of a country's goods, resources and services.

**BASIC ECONOMIC QUESTIONS**

- a. What to produce
- b. how to produce goods and services and how much of these goods to make
- c. whom to produce
- d. how economic system must cope with change

**FOUR MAIN TYPES OF ECONOMIC SYSTEMS****1. TRADITIONAL ECONOMIC SYSTEM**

the most basic of all the economic types and in practice since ancient times the traditional financial system involves very little division of labor and very little in the way of economic governance.

**CHARACTERISTICS OF A TRADITIONAL ECONOMY**

1. Traditional economies are often based on one or a few of agriculture, hunting, fishing and gathering
2. Barter and trade are often used in place and money
3. There is rarely surplus produced.
4. Often, people in a traditional economy live in families and tribes.

**ADVANTAGES OF A TRADITIONAL ECONOMY**

1. Traditional economies produce no industrial pollution and keep their living environment clean.
2. Traditional economies only produce and take what they need
3. So there is no waste or inefficiencies involved in creating the goods required to survive as a community.

**DISADVANTAGES OF TRADITIONAL ECONOMY**

1. It isolates the people within that economy.
2. Large outside economies can overwhelm a traditional economy.
3. It offers very few choices, and they can only have whatever they produce in the area.
4. There may be a lower overall quality of life.
5. It creates specific health risks, like malnutrition, diseases.
6. Unpredictability creates survival uncertainties

**2. COMMAND ECONOMIC SYSTEM**

A more advanced economic system compared to the traditional financial system, the command economic system involves planning from a centralized point, either a local government or indeed the national government, as under communist rule

**COMMAND ECONOMY CHARACTERISTICS**

1. Government is in control of the pricing of goods and services by central economic planning.

2. The government owns all the factors and means of production.
3. The government makes all decisions for finances in the country, may even assign people jobs.
4. Social equality is the essential feature of a command economy. No one is rich or poor.

Advantages: Low levels of inequality and unemployment, and the common good replacing profit as the primary incentive of production.

Disadvantages: include lack of competition and lack of efficiency.

**3. MARKET ECONOMIC SYSTEM**

A market economy is a system where the laws of supply and demand direct goods and services.

(1).Supply includes natural resources, capital, and labor. (2) Demand includes purchases by consumers, businesses, and the government. Businesses sell their wares at the highest price consumers will pay.

**ADVANTAGES OF A MARKET ECONOMY**

1. Competition leads to efficiency because businesses that have fewer costs are more competitive and make more money.
2. Innovation is encouraged because it provides a competitive edge and increases the chance for wealth.

**DISADVANTAGES OF A FREE MARKET ECONOMY**

1. Factors of Production is not employed if it is not profitable.
2. The market system may not produce certain goods and services.
3. The free market may encourage harmful goods.
4. Production may lead to negative externalities.
5. A free market economy may increase the gap between the rich and the poor.
6. Unemployment and Inequality.

**4. MIXED ECONOMIC SYSTEM**

A mixed economy is an economic system combining private and public enterprises. A mixed economic system is a system that combines aspects of both market and command. A mixed economic system protects personal property and allows a level of economic freedom in the use of capital, but also allows for governments to interfere in economic activities to achieve social aims

**CHARACTERISTICS OF MIXED ECONOMY:**

1. Co-existence of the Private and Public Sectors- minor industries for the people and major industries belong to the
2. state such as Expressways, LRT/MRT and Dams, National Power Corporation, etc.
3. Existence of Joint Sectors like Public and private, both private companies
4. Regulation of Private Sector such as price control and declared illegal products.
5. Planned Economy - the businessmen decide what to produce, how much
6. Private Property - individuals can have own properties as long as he can have the means to buy
7. Provision of Social Security - benefits and insurances returns upon retirement
8. The motive of Business Concerns - profit maximization, market share, survival in the market
9. Reduction of Inequalities of Income and Wealth - all are given the chance to participate in wealth accumulation.

Advantage: A mixed economy permits private participation in production, which in return allows healthy competition that can result in profit. It also contributes to public ownership in manufacturing, which can address social welfare needs.

The disadvantage of mixed economies: is that they tend to lean more toward government control and less toward individual freedoms. Sometimes, government regulation requirements may cost a company so much that it puts it out of business. In addition, unsuccessful regulations may paralyze features of production.

**LESSON 12: TOWARDS A SUSTAINABLE WORLD: SUSTAINABLE DEVELOPMENT****WHAT IS A SUSTAINABLE WORLD?**

- A sustainable world is the outcome of the different development strategies and program implementation that will keep the world in existence over a long time.

**Sustainability**

- is living to minimize humans' negative impact on the earth and the animals and plants we share it with. Making sustainable choices is a means to preserve the world and tackle climate change for future generations to come.

**SUSTAINABLE DEVELOPMENT**

- in the dictionary, is economic development that is conducted without depletion of natural resources. However, it applies to and can be incorporated into everything we do. Its application spans from growing food, sourcing product materials, operating a business to building societal infrastructure and how we live individually and as a society.

**WHAT IS SUSTAINABLE DEVELOPMENT ACCORDING TO SOME EXPERTS?**

- ✓ Carey Kennedy, Landscape Architect, organic gardener/farmer (1996-present) September 14, 2019
- ✓ "Sustainable world is one where the inputs and outputs balance. Right now, we generate millions of tons of waste that pollute our environment. We need ways where all outputs are recycled back into the system, becoming beneficial. It's a world where toxic outputs can be dealt with in a way where they aren't harmful to anything or anyone."
- ✓ Shashikant Nishant Sharma, Expert of Urban and Regional Planning. September 30, 2018
- ✓ "Sustainable development means using the natural resource for developmental processes and conserving it for future generations. It has two objectives:
  - Resource planning should be done for the judicious use of the resource.
  - Harm to the environment should be least."

- ✓ (UN Brundtland Commission).
- ✓ "Sustainable development is the development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

HERE ARE SOME TOP AREAS YOU WILL WANT TO FAMILIARIZE YOURSELF WITH AND PONDER WHAT YOU CAN DO TO MAKE A DIFFERENCE.

#### Climate change

- contributes to global warming. Summers get so hot, and it kills people of heatstroke. With this, planting trees and vegetable lessen the heat.

#### Energy consumption

- curve our energy consumption and find better ways to create energy (solar, wind, water, etc. ). Air conditioners should be used moderately and wisely.

#### Sustainable sourcing

- sourcing local and buy local helps the farmers to plant and grow more.

#### Waste production

- must be kept to a minimal environmental footprint - focus on recycling versus constant trips to a local landfill. Reduce consumption, Reuse products, and recycle things.

#### GREEN LIVING TIPS

- Reduce energy consumption
- Purchase reusable water bottles
- Save water
- Make your cleaning supplies
- Make your cleaning supplies
- Eat less meat
- Walk, bike, or take public transit
- Donate used items
- Recycle as much as possible.

#### WAYS TO ACHIEVE SUSTAINABLE DEVELOPMENT

- Sustainable Development is an increase in quality of life within a community between two points in time, using the skills of the population and the ecological services from the landmass it manages in a manner that can be maintained in perpetuity. It is accomplished through a combination of :

- Technological Development is the creation or enhancement of systems of infrastructure with an expectation of an increase in the efficiency that people can use their time to convert resources into the means to meet their wants and needs, such that it will increase the quality of life of a community and;
- Human Development is the identification and removal of the obstructions within the self, family, or community that prevent people from being able to meet their needs, and by so doing, increase the freedoms, choices, and capabilities of the population.

#### ADVANTAGES CAN BE ACHIEVED IN THE LONG RUN

1. It allows the next generation of people to have access to a better quality of life for the community.
2. It makes life meaningful and worth living for us. Imagine if we can reduce the number of greenhouse gases in the air, this will lessen the effect on the ozone layer and the resulting climatic disasters. Maybe then we will have to face less heat globally.
3. With sustainable development, we can feed a hungry world and sustain and save quality aquatic floral and fauna life.
4. Sustainable development also teaches us to be responsible. Don't throw plastics in the ocean, don't burn openly, don't throw wastes in drainages, don't waste food. All this means we're taking charge of our lives. And in the end, it is all to our benefit.
5. Sustainable development also helps us cut down costs and reduce waste. You don't buy what you don't need. You don't order for an amount of food you can't exhaust.

#### DISADVANTAGES

1. The essential needs of many people in developing countries for food, clothing, shelter, jobs - are not being met.
2. A world in which poverty and inequity are endemic will always be prone to ecological and other crises
3. Living standards that go beyond the basic minimum are sustainable only if consumption standards everywhere regard long-term sustainability.



4. Perceived needs are socially and culturally determined, and sustainable development requires the promotion of values that encourage consumption standards within the bounds of the ecological possible and to which all can reasonably aspire.
5. Meeting essential needs depends in part on achieving full growth potential.

### LESSON 13: TOWARDS A SUSTAINABLE WORLD: GLOBAL FOOD SECURITY

#### WHAT IS MEANT BY GLOBAL FOOD SECURITY?

Food security;

- as defined by the United Nations' Committee on World Food Security; means that all people, at all times, have physical, social, and economic access to sufficient, safe, and nutritious food that meets their food preferences and dietary needs for an active and healthy life.

#### IMPORTANCE OF GLOBAL FOOD SECURITY

1. Food insecurity – often rooted in poverty.
2. Poverty decreases the ability of countries to develop their agricultural markets and economies.
3. Access to quality, nutritious food is fundamental to human existence
4. Increased global security and stability. Improved health and healthcare.

#### PILLARS OF FOOD SECURITY

##### 1. Food Availability

- Food availability relates to the supply of food through production, distribution, and exchange
- Availability can be affected by: Production, distribution, and exchange.
- Production: how much and what types of food are available to produced and store locally.
- Distribution: how is food made available (physically moved), in what form, when, and to whom. It also involves storing, processing, transport, packaging, and marketing foods.
- Exchange: how much available food can be obtained through exchange mechanisms such as barter, trade, purchase, or loans.

##### 2. Food Access

- Food access refers to the affordability and allocation of food and the preferences of individuals and households.
- Food access can be
  - (1.) Direct access – producing your food and
  - (2) Economic access – buying your food from suppliers. Access can be affected by:
- Affordability is the ability of individuals, households, or communities to afford the price of food or land for producing food relative to their incomes.
- Allocation: the economic, social, and political mechanisms are governing when, where, and how food can be accessed by consumers and on what terms. Preference: social, religious, and cultural norms and values that influence consumer demand for certain types of food (e.g., religious prohibitions or the desire to follow a specific dietary pattern such as vegetarianism, weight management sets aside a specific group of foodstuffs).

##### 3. Food utilization.

- People must have access to a sufficient quantity and diversity of foods to meet their nutritional needs and must also eat and properly metabolize such food.
- Utilization can be affected by:
- Nutritional value: the nutritional value provided by the foods that are consumed, as measured in calories, vitamins, protein, and various micronutrients (e.g. iron, iodine, vitamin A).
- Health status: Access to healthcare is another determinant of food utilization since the health of individuals controls how the food is metabolized.
- Food safety: Food safety affects food utilization and can be affected by the food preparation, processing, and cooking in the community and household.
- Preparation and consumption: Sanitation and hygiene are essential in food preparation. The resources (e.g. cooking tools and fuel), knowledge and ability to prepare and consume food in a healthy and hygienic way.

#### 4. Food Stability

- Food stability refers to the ability to obtain adequate food over time. Food may be available and accessible to all people at all times. Access, Availability, and utilization should be stable over time.
- Stability is given when the supply on the household level remains constant during the year and in the long term.
- Food stability is affected by:
- The concept of stability can therefore refer to both the availability and access dimensions of food security.
- People should not risk losing access to food due to sudden shocks ( e.g., economic or climatic crisis) or cyclical events such as seasonal food insecurity.
- Buffer stock - A buffer stock is a system or scheme which buys and stores stocks at times of good harvests to prevent prices falling below a target range (or price level) and releases stocks during bad harvests to avoid prices rising above a target range (or price level)
- Public distribution system - is a government-sponsored chain of shops entrusted with distributing basic food and nonfood commodities to the needy sections of the society at very low prices.

Advantages are:

- (1) It has helped in stabilizing food prices and making food available to consumers at affordable prices.
- (2) It has helped in avoiding hunger and famine by supplying food from surplus regions of the country to deficient regions are the two important components of food security system in a state.

#### HOW CAN FOOD SECURITY BE ASSESSED?

- ✓ The state of food security varies over a range of scales, ranging from the individual to global. Even where food security is present at a particular individual or household level, it may not be so regional. Conversely, while a nation or region may be generally considered food secure, certain (groups of), individuals may still suffer from food insecurity.

#### FOOD INSECURITY

- Food insecurity, on the other hand, is defined by the United States Department of Agriculture (USDA) as a situation of "limited or uncertain availability of nutritionally adequate and safe foods or limited or uncertain ability to acquire acceptable foods in socially acceptable ways ."

#### TYPES OF FOOD INSECURITY:

1. Chronic food insecurity
  - A long-term and persistent condition of food insecurity.
2. Transitory food insecurity.
  - A short-term and temporary condition of food insecurity.
3. Seasonal food insecurity.
  - A condition of food insecurity that reoccurs predictably, following the cyclical pattern of seasons.

#### EFFECTS OF FOOD INSECURITY

- a. Famine and hunger
- b. Stunted Growth
- c. Premature failure of vital organs during adulthood.
- d. Severe malnutrition in early childhood often leads to defects in cognitive development.
- e. Depression, anxiety, and sleep disorders

#### MEASURING FOOD (IN) SECURITY

