Cambridge Assessment International Education

Cambridge International AS & A Level

GLOBAL PERSPECTIVES & RESEARCH **9239/12**

Paper 1 Written Examination **February/March 2020**

INSERT **1 hour 30 minutes**

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INFORMATION
- This insert contains all the resources referred to in the questions.
- You may annotate this insert and use the blank spaces for planning. **Do not write your answers** on the insert.

This document has **4** pages. Blank pages are indicated.

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The following documents consider issues related to **Global economic activity**. Read them **both** in order to answer **all** the questions on the paper.

Document 1: adapted from *Buy Made In Ghana; Support What Is Ghanaian*, written by Emmanuel De-Graft Quarshie, published in 2017 on Modern Ghana, a leading online media portal. The writer is a Ghanaian journalist and graduate from the University of Ghana. He holds a BA Hons Economics with Linguistics and an additional professional certificate from the Open University, UK, in Finance Fundamentals.

After independence, our first president, Kwame Nkrumah, focussed on developing industry to produce what we need and to sell to the rest of the world. He had several development plans including the 7 year plan. This established factories and industries, including the Komenda Sugarcane factory and Takoradi Harbor. Akosombo Textiles was established in 1967 to reduce imports of foreign textiles and to produce our own. The Wenchi Tomato factory was established when there was a bumper tomato harvest. Additionally, Bolgatanga Rice Mills was established to boost local consumption and to reduce importation. Such ingenuity contributed to the rise in the Gross Domestic Product (GDP) of the country. It also helped to protect the value of the currency by reducing imports and increasing exports.

Governments since have continued promoting Made in Ghana to encourage us to buy what is Ghanaian. Over a decade ago it became a national policy that everyone should wear clothes made from Ghanaian fabrics on Fridays. This has been very popular, especially with our foreign visitors from Korea, China, USA etc, who come to Ghana for tourism, schooling and business. Frankly, this has promoted our fabrics abroad and I believe we can do the same with other Ghanaian produce, including locally made furniture, shoes/belts/bags with African prints, vehicles made by Sarfo Kantanka, chocolates and other processed foods.

As a member of the World Trade Organization, Ghana cannot totally ban imports but we can take measures to help our local industries. We can protect them by providing incentives such as tax cuts. We can reduce export tax and control imports by raising import tax. We can promote sales by advertising locally-produced products. The government can support private industries. For instance, they can buy cars produced by Sarfo Kantanka for government institutions and also subsidize such cars for purchase by teachers, nurses and lawyers.

Too much importation threatens our local industries. It also causes a fall in GDP when imports exceed exports. It weakens our currency as we buy dollars to purchase foreign goods. Importation happens because retailers have realized that most Ghanaians love foreign goods. The question is why do we prefer more expensive, foreign brands even if local cheaper options exist? The simplest answer is that local goods are seen as inferior. Most Ghanaians prefer to buy everything including bags, shoes, clothes, when they travel outside the country. Though foreign visitors love to wear our kente cloth, Ghanaians prefer to wear suits, even on a normal day when the weather is very hot.

When we buy Ghanaian, our money stays in our economy and increases the revenue of our local producers, who then employ more people. Then individuals and companies pay tax, which can fund developmental projects, including building schools, roads etc. Buying Ghanaian helps sustainable development.

In conclusion, imports have a negative impact on development. Instead of favouring foreign goods, we should buy Ghanaian. This is the time to support national policies aimed at protecting local industries. I urge us to promote our own products and buy Made in Ghana.

Document 2: adapted from *The Economic Case for China's Belt and Road*, an article written by Shang-Jin Wei. The article was published in Project Syndicate in 2017. The author, a former chief economist of the Asian Development Bank, is Professor of Finance and Economics at Columbia University, USA.

We are in an era when some of the world's most powerful countries are talking about increasing trade barriers, building border walls and turning inward to protect their own economies. But, to achieve stronger economic growth and development, the world needs to focus on collaboration and building economic links.

Since 2013, China has developed its "Belt and Road" scheme, which aims to build connections with more than 60 countries across Asia, Europe, and Africa. Critics worry that China may focus too much on competing with the United States and Japan, and may develop and invest in projects that make little economic sense. But, if a few conditions are met, the economic case for this scheme is strong.

A recent Asian Development Bank report confirms that many countries urgently need large-scale investment – precisely the type that China has promised. Some countries, such as Bangladesh and Kyrgyzstan, lack reliable electricity supplies. This slows development of manufacturing and reduces their ability to export. Others, like Indonesia, do not have enough ports for their internal economic needs or international trade. The Belt and Road scheme promises to help countries overcome their problems, by providing finance for ports, roads, schools, hospitals, power plants and grids. In this sense, the scheme is like America's post-1945 Marshall Plan – which helped the reconstruction and economic recovery of war-torn Europe.

Of course, external funding is not all that is needed. These countries must also make reforms to reduce risk and ensure economic benefits from investment. For China, the Belt and Road investments are economically attractive, particularly when private Chinese firms take the lead in carrying them out. In this sense, these investments are not costly for China. The Belt and Road investments address infrastructure weaknesses in China's trading partners. In the longer term, the new infrastructure will reduce the costs of production and benefit both firms and workers substantially. The result will be higher productivity and faster global growth. This can lead to a large increase in trade for both participant countries and China.

This is not to suggest that such investments are risk-free for China. The economic returns will depend on the quality of business decisions made by private firms. Nonetheless, the economic case is so strong that one might ask why China didn't undertake it sooner.

Ten years after the global financial crisis, recovery is weak in much of the world. Bold, large-scale investments can stimulate global demand. Even the United States may make significant economic gains. The US is likely to see a surge in demand for its own exports, including cars and planes, financial, educational, and legal services.

If Belt and Road projects are held to high environmental and social standards, significant progress can also be made on global challenges such as inequality. The more countries participate in these projects, the better the chance of achieving these standards, and the greater the global social returns will be. The world needs outward-looking schemes like the Belt and Road strategy.

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