

LIBERAL STUDIES (THE MODERN WORLD) AS-LEVEL

8.30 am – 11.00 am (2½ hours)

This paper must be answered in English

1. This paper consists of Sections 1 and 2. Section 1 carries 75 marks of the module marks, and Section 2 carries 25 marks.
2. Candidates are required to answer **ALL** the questions in Section 1, and **ONE** question from Section 2.
3. Answers to all questions should be written in the same answer book.
4. The weighting of each question is indicated in brackets. It is guide to the length of answer required, which may vary from one to several paragraphs.
5. Candidates are reminded that this subject emphasises the ability to present and support points of view in a clear, concise and logical manner, rather than the ability to recite facts.

SECTION 1

Answer *all* the questions in this section.

1. Study Sources A and B :

Source A

Globalisation has resulted in the expansion of international trade and foreign investment, as well as the integration of markets. Traditional boundaries in the world economy are being surmounted or made irrelevant. The borders that constrained commerce are eroding. Governments are retreating from control of their economies with privatisation and deregulation. Barriers to trade and investment are coming down rapidly. Cross-border mergers have skyrocketed since 1988. A decade ago there were 2,137 such deals. However, there were more than 6,000 deals in 1997.

Source B

Companies and investors operate 24 hours a day. Currency traders see the same information at the same time, and can act on it simultaneously, whether they are in Singapore, London or New York. Billions of dollars are exchanged at the push of a button. Work is networked among North America, Europe and Asia via computer. Ever-cheaper communications and ever-faster computers, along with the Internet, are facilitating the flow of goods and services, as well as knowledge and information. Increasingly, companies are integrating their global strategies with global capital markets.

- (a) What are the signs indicating development towards globalisation, as reflected in Source A? (4 marks)
- (b) With reference to Source B, discuss the extent to which modern communications are responsible for the development towards globalisation. (5 marks)
- (c) Explain whether globalisation is a force that may erode national character. (9 marks)

2. Consider the following data on the United Nations' peacekeeping missions :

Location	Region	Size of Peacekeeping Force	Annual Cost (U.S. millions)	Mission	Since
Former Yugoslavia	Eastern Europe	40,000	1,600	Peacekeeping, humanitarian relief	1992
Somalia	Africa	9,500	900	Peacekeeping, humanitarian relief	1992
Rwanda	Africa	5,500	200	Peacekeeping, humanitarian relief	1993
Lebanon	Middle East	5,000	150	Monitor cease-fire near border with Israel	1978
Cyprus	Middle East	1,200	40	Monitor cease-fire	1964
Iraq-Kuwait	Middle East	1,100	60	Observe cease-fire along border	1991
Golan Heights	Middle East	1,000	30	Monitor cease-fire between Israel and Syria	1974
Israel	Middle East	200	30	Observe Arab-Israeli truce	1948
Liberia	Africa	100	1	Observe cease-fire in civil war	1993
Haiti	Latin America	100	1	Observe elections, democratic transition	1993
India-Pakistan	South Asia	40	7	Observe cease-fire	1949
Tajikistan	Eastern Europe	20	1	Observe cease-fire in civil war	1994

- (a) What are the categories into which you could classify the above data on the peacekeeping missions of the United Nations? (5 marks)
- (b) In the light of the above data, identify and account for the successes and failures of the United Nations as a peacekeeper. (13 marks)

3. Consider the following extract, which relates to Hong Kong's roles in the Asia-Pacific region :

- **Gateway to China** – Hong Kong accounts for about 60% of China's foreign direct investment and about 33% of China's foreign exchange. It even handles about half of China's trade. Hong Kong provides managerial expertise for the mainland. Moreover, Hong Kong is becoming the site where an increasing number of Chinese enterprises are choosing to list on the stock exchange.
- **Financial Centre of Asia** – Hong Kong ranks fourth in the world in terms of the amount of foreign investment attracted, and is the top investor in Asia, APEC and ASEAN. It is also the fifth-largest banking centre in the world, with 82 of the world's 100 largest banks operating there.
- **Asia's Services Supermarket** – Hong Kong has established itself as the Asia Pacific headquarters for over 800 multinational companies. The confluence of lawyers, engineers, architects, accountants, and consultants is stronger than anywhere else in Asia.
- **Asia's Trade Fair Capital** – Hong Kong plays host to some of the largest and most important trade fairs in Asia.
- **The Information Clearing House** – Hong Kong is Asia's information centre. There are few restrictions on telecommunications, which ensures the industry's competitive edge.

Discuss whether you think Hong Kong can continue to play the above roles at the turn of the century.

(18 marks)

SECTION 2

Answer *one* question from this section.

4. Consider the following data, which relate to Japan's economy in the years 1988 and 1997.

	1988	1997
Unemployment	1,550,000	2,300,000
Corporate bankruptcies	10,123	16,365
Price of land*	+21.9%	-7.8%
Nikkei 225 Index	30159.00	16570.78

* annual change

- (a) What changes did the Japanese economy undergo in the decade 1988-97, as reflected in the above data? (5 marks)
- (b) Discuss whether the state of the Japanese economy could be seen as a cause or a symptom of the 1998 financial turmoil in Asia. (13 marks)
5. Consider the following extract :

Ethnic Chinese number about 7 million in Indonesia, constituting no more than 3.5% of the population. Since colonial times, they have handled much of Indonesia's commerce. They now control 70% of private enterprises, but their economic prominence has caused much hatred among the Indonesians. Under the former President Suharto, Chinese schools were closed and their languages were banned, and the Chinese were barred from government office and most professions, being limited only to trade. In the 1998 riots, the Chinese became the main targets of attack.

- (a) What does the extract tell you about the role of the Chinese people in Indonesia? (5 marks)
- (b) In the light of the treatment received by the Chinese people in Indonesia, as reflected in the extract, discuss the factors fuelling modern racism. (13 marks)

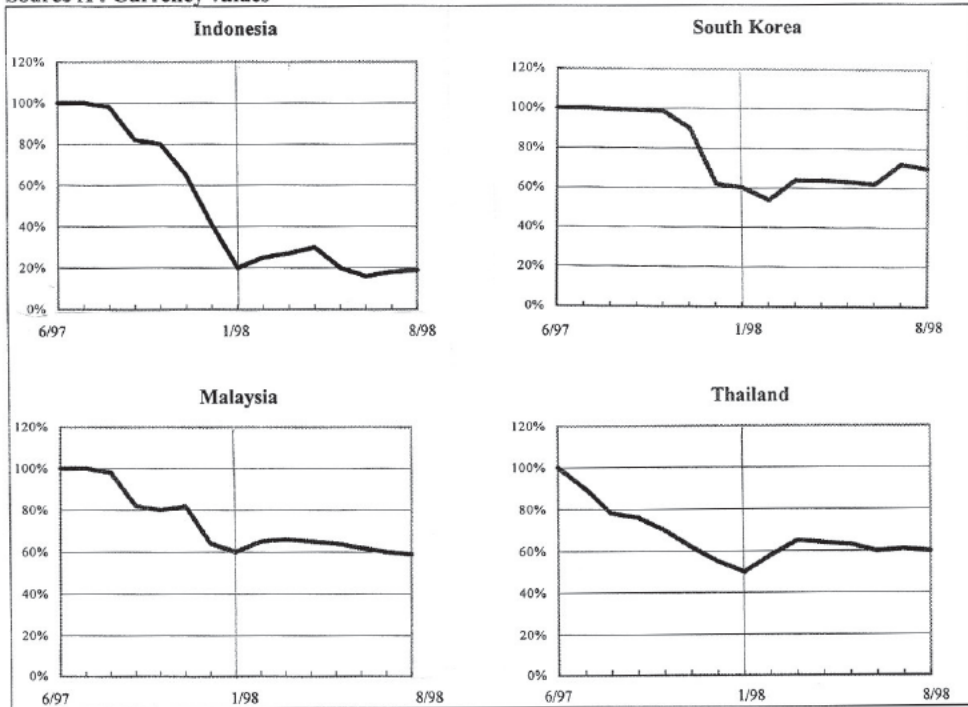
6. Consider the following data, which relate to the evolution of the European Union (formerly called the European Economic Community) :

1951	April 18 Treaty creating the European Coal and Steel Community (ECSC) is signed in Paris by Belgium, Holland, Luxemburg, France, Germany and Italy.
1957	March 25 The above 6 countries sign a treaty in Rome, creating the European Economic Community (EEC).
1968	July 1 Common external tariff enters into force among EEC members.
1973	January 1 Denmark, Ireland, and the United Kingdom join the EEC. Free trade agreements with European Free Trade Association (EFTA) countries begin to take effect.
1979	March 13 European Monetary System (EMS) becomes operative.
1989	June 26–27 The Heads of State and Government meeting in Madrid endorse a plan for Economic and Monetary Union.
1991	October 21 The EEC and the EFTA agree to form the European Economic Area (EEA), a single market of 19 countries. December 16 Poland, Hungary, and Czechoslovakia sign far-reaching trade and cooperation agreements with the EEC.
1993	November The EEC formally changes its name to the European Union (EU) with the adoption of the Maastricht Treaty.
1994	March 8 The EU agrees to enhance its foreign-policy ties with Poland, Hungary, the Czech Republic, Slovakia, Bulgaria and Romania.

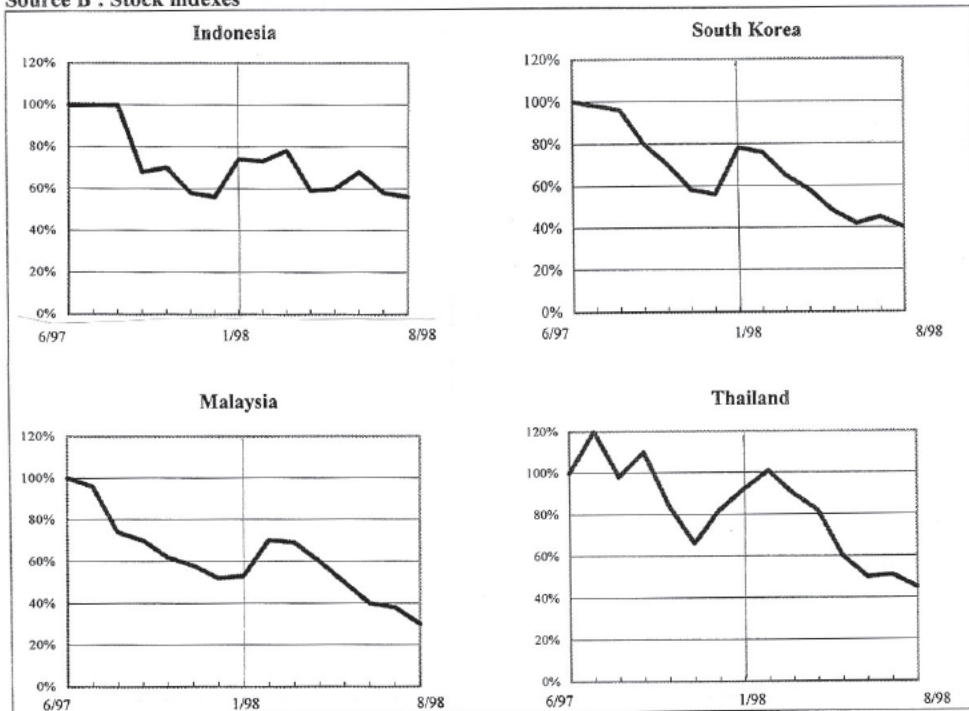
- (a) To what extent does the evolution of the European Union reflect trends of development in the modern world? (8 marks)
- (b) Explain whether you think the European Union enhances or jeopardises world harmony and cooperation. (10 marks)

7. Consider Sources A, B, C and D:

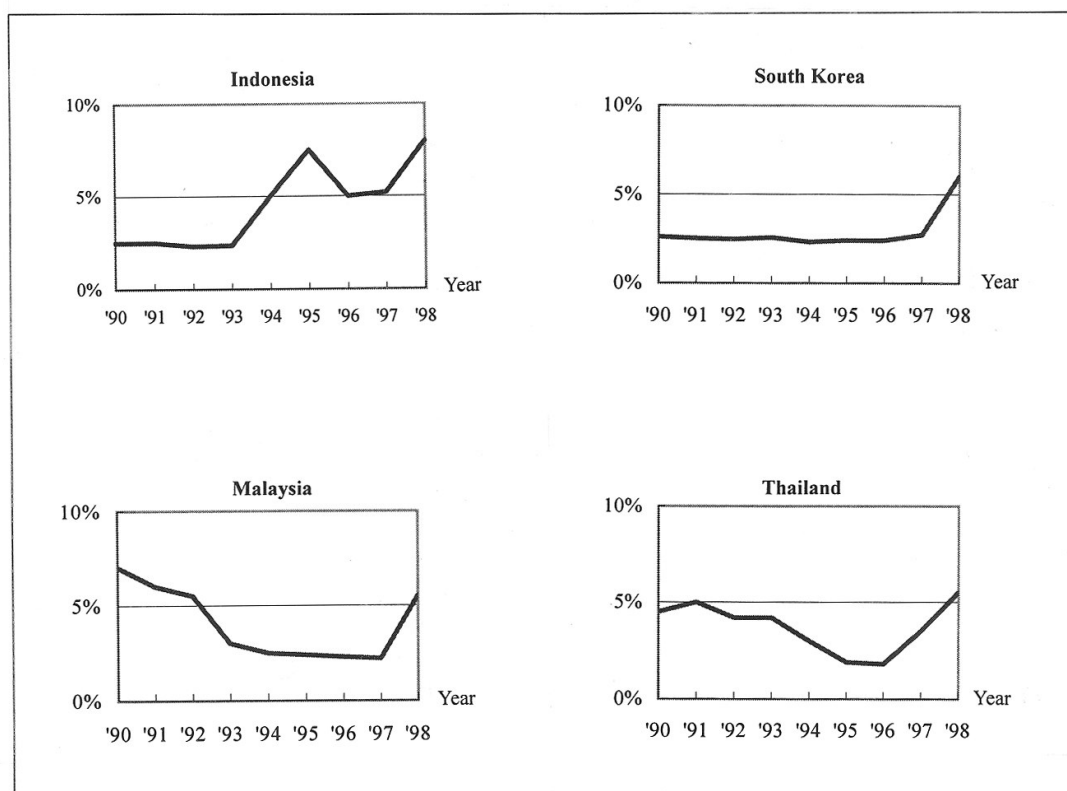
Source A : Currency values



Source B : Stock indexes



Source C : Unemployment rates



Source D : Gross domestic product (GDP)

Country	Indonesia	South Korea	Malaysia	Thailand
1997 (U.S. billions)	201	434	96	156
Change (1996–97)	–11.1 %	–10.5 %	–2.0 %	–15.2 %
1998 (U.S. billions)	61	280	68	113
Change (1997–98)	–69.7 %	–35.5 %	–29.2 %	–27.6 %

- (a) What problems do the Asian developing countries face, as reflected in Sources A, B, C and D? (5 marks)
- (b) Select *two* of the countries listed in the above sources, and account for the problems they now face. (13 marks)

END OF PAPER