


# Globalization Continues to Pose Challenges

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## Globalization:

According to the UN Economic Development, globalization starts from the premise that development must bring about an improvement in the living conditions of people, but also recognizes that, despite enormous economic progress over the past 50 years, development has been very uneven between, and within, countries. This exclusion of countries and of people from development has become much less acceptable as time passed by. Globalization, which has gathered momentum during the last quarter of the twentieth century, has created unparalleled opportunities and posed unprecedented challenges for development. Yet, the virtual ideology of our times has transformed globalization from a descriptive into a prescriptive word.



## Is Globalization Conducive to Economic Development?

Given the reality of globalization, it is also necessary to think of correctives and interventions in national development strategies that would make for a more egalitarian development. These are, in fact, the responsibility of the State because governments are accountable to their people, whereas markets are not. And political democracy can persuade the State to act in the interests of people. Markets and globalization can be used as means to further the ends of development, which improves the quality of life for people *but only if public action remains an integral part of development strategies*. **BUT this is not always the case!**

Studies show that, *"globalization creates winners and losers. The impacts of economic integration on institutions and growth - and who wins versus loses from it - are conditioned by the initial environment."*  
(The World Bank.org, Oct 2013)

### Some Example:

1. In Mexico (1837-1873) the construction of railroad did expand and increased integration, promotion and specialization, but is also caused land grabs and mistreatment of indigenous people whose land were stolen from them. There the economic growth and economic development were in opposition; hence growth of economy may not be good for the welfare of those who lose out.

2. Peru in 19th century is another example. The steamship made it feasible for Peruvian wool producers to sell to Britain; however, since Peruvian's right were not protected by the institution, hence the increase in wool demand and prices, caused land grabs to export the wool to market. Some the Hispanic businessmen in Peru attempted to construct railroad from the port to highlands, which eventually changed the value of the lands and caused land grabs, peasant rebellion and unrest. A costly series of events. Eventually this region wasn't actually able to benefit from gains of trade.

3. Yet another example is United Fruit Co. which essentially started as a railroad company building railroads in Central America in exchange for very large land concessions. They did railroads from Costa Rica down to Caribbean coast, but since gained large lands, they could grow bananas and other fruits and increase their assets. Having such power over economy (land) enabled United Fruit Co. to impact asset prices of multinational companies with the help of U.S. backed coups. For example, the United Fruit with the help of CIA could overthrow Arbenz, a democratically elected government - a human right abuse.

So, perhaps while globalization is still transforming, its ideology continues to pose unprecedented challenges even today.

**Ref:**

The World Bank, 2013, 'The Winners and Losers of Globalization'  
<https://www.worldbank.org/en/news/feature/2013/10/25/The-Winners-and-Losers-of-Globalization-Finding-a-Path-to-Shared-Prosperity>