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Sustainable Local Economic Development

Globalization, cohesion and competitiveness

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QUESTION

What are some of the problems with Globalization?

Who does Globalization benefits?

Global problems

Too many problems and not enough resources to curb the crisis of globalization

There are many issues associated with globalization such as: over population, over organization, poverty, global monoculturalism and ethnic conflicts

In Africa, 20% of the world land is home to 818 million people and sits on an enormous reserve of wealth

Africa is wracked with poverty, violence, spotty governance, non-existent infrastructures and high levels of oppression

40 million are suffering through a hunger crisis and AIDS, life expectancy remains at 52 years

Resources continue to deplete at alarming rate giving rise to starvation

Africa's contribution to global productivity has shrunk by 50% since 1970

Global problems

Not all developing countries in Africa are in economic crisis

Economic growth is substantial in certain areas

Poverty crowding, conflicts and disasters maybe pervasive but neither Canada nor USA are exempt from such indictment

- -EX. The state of Canada's first nation is in the same condition as many third world countries

Africa cannot assume all responsibility

- Political and economic legends of colonialism continue to disrupt or destroy despite attainment of nominal political independence
- Media coverage remains superficial in conveying images of evil horror and backwardness

Over population

Virtually all the growth stems from the poorest of the developing countries despite activities in family health and planning

60% of the world's population increase is concentrated in 10 countries with India 16% and China with 11% leading the way

Sky-rocketing rates reflect the 1 billion teenagers that are entering their reproductive years

Longer life span are another obvious answer, life expectancy has increased substantially, while infant mortality rates have declined because of fatal diseases

Poverty may also be a contributing factor, family sizes tend to expand in reaction to unstable or marginalized environment

<http://www.youtube.com/watch?v=jGrcbxNdaSc>

Over population

Large families provide a margin of safety for survival in the environment of severe poverty

Much of this increase can attribute to longer survival rates among children because of improved immunization programs

Increased life expectancy may compound the problem of over population in many developing countries, resulting in corresponding demands on diminishing resources and urban process

Urbanization

Half of the world's population of six billion people are estimated to live in cities

The drawbacks of urbanization in the developing worlds needs little introduction

Most “instant” cities were not built for such volumes

According to a UN study on global urban conditions, nearly 1 billion people (the vast majority from the developing world) live in filthy, unhealthy areas that lack water, sanitation, public services or legal security

Urbanization

Some migrants push factors out of rural communities are because:

- unemployment
- limited land resources
- lack of opportunity and employment
- boredom, and,
- dislike of political factionalism

Some migrant are pulled into cites to escape:

- safety
- economic survival for themselves and their children
- lure of glamour, excitement and sophistication

Urbanization

In theory, many developing countries profess to discouraging urban migration, citing problems related to employment, sanitation, limited transportation, pollution, access to services and crime

Cities are viewed as symbols of progress in advancing industry, wealth, and prestige, despite the prevalence of poverty, homelessness and slums

Developing world urbanism would appear to qualify as a bona fide social problem, as potential damage to society and the environment are but two problems associated with developing world urbanization

Poverty

The globalization of world economies rarely confers equal access to the benefits of commercial success

Some prosper; others become increasingly impoverished, with glaring disparities in wealth, power, and status between the haves and the have-nots

Lower incomes not only translate into poorer health and shortened life expectancy, but an unequal society is more prone to political instability, increased crime, reduced productivity, and dysfunctional institutions

Reality is one-half of the world's population subsists on less than two American dollars per day

QUESTION

Why does developing-world poverty still exist?

Two-way argument: Over-population is widely regarded as a primary cause of developing—world poverty. But, the reverse may also be true; poverty causes overpopulation. This is so because, poverty contributes to overpopulation by encouraging large families as a survival tactic.

Equally important are the contributing factors that are structural, including:

- unequal economic distribution
- the lack of political will to correct this, and,
- the legacy of colonialism with its reinforcement of dependency and underdevelopment
- With most of the developing world population relying on agriculture for living, the prognosis looks bleak

The structural adjustments programs imposed on poorer countries by the World Bank or the International Monetary Fund (IMF) disproportionately impact the poorest of the poor (namely, women and children) because of cutbacks in services and subsidies

- Expressions and cause of poverty vary from rural to urban regions:
- 1-For urban regions, poverty directly relates to lack of jobs
- 2-For farmers, and peasants, poverty stems from inadequate prices for goods produced for export

Poverty fosters conflict, conflict further impoverishes, thus reinforcing the observation that poverty is political

Global Monoculturalism

The cultural dimension of globalization is no less ambiguous in impact and implications

- -Only now, the ideological principles are being applied globally, with the result that all human cultures are expected to comply with a global game
- -Modern technology has prolonged human life spans and comfort zones in ways that could hardly be imagined even a generation ago
- - Globalization technology also has the potential to destroy the diversity of human cultures
- -The exception of global and consumerist monoculture is eroding regional difference and culture identities
- -In criticizing globalization as a step toward homogenous consumption, with a corresponding diminishment of self-sufficiency and dismantling of local traditions.

As a result, two apparently contradictory trends are unfolding in the new millennium:

- 1-To one side, societies are converging because of globalization and consumerism; to the other side,
- 2-It is a growing divergence because of cultural pride in providing a competitive edge and oases of tranquility in time of turmoil

Ethnic Conflict

In a globalizing world of standardization, people cling even more fiercely to whatever local customs impart distinctiveness, in some cases pushing the primacy of these differences to the brink of conflict

Ethnicity is defined as a shared awareness of perceived ancestral differences as a basis for reward, recognition or relationships

A commitment to ethnicity allows an escape from feelings of irrelevance, powerlessness, alienation and impersonality

For example: Indigenous peoples are demanding levels of political autonomy that reflects their status as the original occupants whose collective rights to self-determining autonomy over jurisdictions from political voice to land and identity have never been extinguished but remain intact as the basis for a new social contract in living together differently

Ethnically-based nationalism: has been singled out as major contributors to international conflicts as well as a threat to societal integrity

State-based (civic) nationalism: seek cultural uniformity

Ethnic (cultural) nationalism: endorses cultural uniqueness, to the detriment of social cohesion

Environmental Crisis: The Fragile Planet

Environmental politics could influence government policy or public perception such as:

- Shortage of raw materials
- Drought and crop failure
- Deforestation in the tropics
- Pollution from waste mismanagement and noxious emissions
- Global warming/ozone depletion

Some argue that environmental scarcity is what causes violence around these issues; however, others argue that it is because of those who are in power, that determine who gets what, this is the reason for the violence. There is enough food produced around the world to feed each person with approx. 3600 calories a day, however because of the power relations, this does not occur.

The Rio Declaration

In 1992, 150 leaders met in Rio De Janeiro, Brazil, to discuss the concerns over the environment. The Rio Declaration agreed that “[s]tates shall cooperate in a spirit of global partnership to conserve, protect, and restore the health and integrity of the Earth’s ecosystem.” Over 1600 senior scientists signed the document. A follow up summit of over 60 leaders five years later found that environmental crisis had worsened in regards to forest destruction, fresh water shortages, worldwide overfishing, and mass extinction of species. Canada received a C- from the Canadian Institute for Business and the Environment on its lack of progress since the Rio Declaration.

Many believe that we are nearing the end of the Earth's capacity to handle the population, pollution and production. Disruptions that are not allowing us to fix what has been done are:

- Increasing population lack access to a decent living
- Dangers of pollution that disturbs global chemical cycles
- Risks associated with toxic chemicals
- Ecological decline, lessening diversity as species become extinct
- Results of biotic mixing allowing viruses such as SARS to travel

The troubles of the environment affect both the rich and poor, as both are at fault. The rich impose a heavy toll on the planet because of their consumerism, where the poor living in the worst environmental conditions, put more strain on an already detrimental environment. Most of the environmental problems stem from the western world, as due to the consumption patterns, there are extreme levels of waste and wastefulness

Canada and the Environment

Environment had deteriorated dramatically in terms of air and water pollution, loss of wetlands, waste and nuclear disposal, and chemical poisons in the soil and food chain

Causes are global warming, automobile traffic, nitrates in rivers, reliance on pesticides, deforestation, toxic substances and depletion of sustainable resources

Ottawa → promise in 1995 to reduce noxious emission, however greenhouse gases have risen by 13%, resulting in Ontario being singled out as the continent's 3rd worst jurisdiction for controlling hazardous emissions (ahead of Texas and Ohio)

Major Canadian cities are accused of using the land as a dumping ground for untreated sewage and excrement

Canada is a site of astonishing environmental wealth, yet the resources held are under stress, and are rescinding

Foreign Aid

Justified as an investment in global security and international peace, rather than an act of charity

Switzerland and USA have median incomes of \$34 000 to \$36 000, median income of 50 poorest countries is \$400

Criticism is mounting over the use of foreign aid to bring about renewal and reform

Foreign aid is based on the concept of improving a country's economy by modernizing its services, but has the possibility of

- Securing a political and economic power base for local dictators
- Encouraging ethnic factions who perpetuate conflict by withholding food for political ends
- Fostering increased dependency on Western goods and services
- Being hijacked by powerful charities and agricultural interests to promote their goals
- Perpetuating the last refuge of Western colonialism

Flaws in design and execution of foreign aid programs

Rational of foreign aid has focused on political advantage for helping “allies”, it was dictated that enemies would be overlooked regardless of need, but this is not the case.

Aid could not be separated from economic considerations. Countries would receive benefits provided they purchased donor-made goods in return, resulting in developing countries to be forced to purchase unnecessary goods to qualify for foreign assistance.

Bulk of foreign aid is of an expedient nature rather than humanitarian driven. Offers of emergency assistance are an excuse to get rid of surplus commodities. i.e. the sending of milk to relief victims who cannot comfortably digest milk enzymes

Poor program design and implementation. Efforts are sabotaged by poor delivery systems and lack of communication. The thought process is focused on how to modify Western style programs, when what is needed is something much simpler. Sophisticated technology is used, when more than often it is not needed.

THE PROBLEM WITH SOLUTIONS

Foreign aid does not get to the root cause of the problem. It disregards the broader social and cultural contexts of the issue.

Too much of foreign aid is spent on building bridges and roads and not enough helping the poor since only a small percent of the budget is allocated to health and education.

Resentment in donor countries is contributing to minimizing aid. Locals feel that too much is being done overseas while the government is neglecting the domestic poor.

While foreign aid is merely a bandage to bigger problems, it should not be stopped. We just have to further examine better long term solutions to the issues surrounding individuals in the third world.

ROOT CAUSES/STRUCTURAL SOLUTIONS:

Globalization is not doing what it was set out to do. It is concentrating power and wealth in a select group of people, nations and corporations, and marginalizing others.

Globalization of markets foster a rampant competition in which countries compete to create the most attractive conditions for industry, even if this means ignoring environmental concerns or social regulations.

Globalization is eroding what communities need survive such as clean air, safe water, a unifying vision, and a sense of security and community.

HUMAN RIGHTS: TOWARDS A NEW GLOBAL GOVERNANCE

Globalization has had repercussions we can not control such as the spread of SARS, West Nile Virus, and Mad Cow Disease.

The UN's international legal framework for human rights is the new global governance. It states that all humans are born free and equal in dignity and rights. These rights are laying the foundation of civil, political, economic, social and cultural regulations globally.

There is no justification for citing cultural relativism or respect for cultural identity as an excuse for violation of human rights.

Human rights violators throughout the world on the basis of religion, custom, tradition and ethnicity, continue to mock the vision of the declaration of human rights.

These fundamental freedoms will remain fragile as long as poverty, exclusion and inequality persist, and the role of the government is restricted to mediate and secure rather than protect their general interest.

Underpinning linkages

- The Multilateral Trading System and the WTO ensure predictability, security and fairness to international economic relations
- The MTS showed its effectiveness in containing protectionism after the financial crisis
- The WTO has also delivered for Development
 - Trade Facilitation Agreement makes trade more inclusive
 - Expansion of the Information Technologies Agreement helps in technology diffusion
 - TRIPs amendment provides for better access to medicines
 - Nairobi decision on elimination of export subsidies in agriculture reduces distortions affecting developing country producers
- Trade can make available the necessary resources to implement development targets

Gains

- Trade has contributed to narrowing income gap between developed and developing countries
- The developing countries' share of world trade has greatly increased
- The developing world has seen an unprecedented increase of the population belonging to a new more connected and better educated middle class
- Integration in the MTS has provided developing countries with
 - Access to new markets
 - Access to new technologies
 - Access to new investment
- This makes trade an engine for inclusive economic growth and poverty reduction, and contributes to the promotion of sustainable development as envisioned in the 2030 Agenda

Competitiveness

Empirical evidence shows that the overall effects of trade on employment tend to be positive

Trade offers opportunities for more and better paid jobs

Trade leads to skill and technology upgrading thus increasing productivity and competitiveness

Trade requires workers and firms to adjust

But so does technology

It is important to keep in mind the effects that technological innovation is having on the economic landscape, not just trade

Challenges

Some sectors of the economy particularly SMEs, have more difficulties in reaching international markets

Some advanced economies have seen stagnating incomes and prolonged economic downturn

This fuels feeling of being left behind by globalization

Trade can cause temporary disruptions and adversely affect certain groups

It is important for the international community to acknowledge this situation and address its causes

Lack of response could lead to increased protectionist pressure

Response

- Far-reaching multilateral co-operation is important and should be enhanced as trade measures alone will not address challenges

- Complementary domestic policies are needed, including helping people get right skills to have access to new jobs, improving the business environment to attract investment and reducing trade costs and barriers

Response

- Approaches need to be tailored to a country's specific situation and mainstreamed into development policy objectives
- The narrative needs to change from focusing on the losers from international trade to also tell the success stories from the winners
- Trade is win-win, developed countries need to support developing countries' growth by keeping their market open so that developing country markets can also support new trade flows of developed country exports

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