

THE INFLUENCE OF GLOBALIZATION ON ECONOMIC GROWTH

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Globalization is a multidimensional phenomenon that not only touches political, economic, social and cultural spheres of any society but also reshapes the traditional way of studying the “social world and human nature (Crafts, 2014).

Globalization is often associated with “intensification of the worldwide social relations”, global economic integration, de-territorialization and time-space compression (Bhandari, Amit and Heshmati, 2014).

There is no universal acceptable definition of globalization as different scholars define it based on their understanding and at certain point in time which makes the meanings far from consistent. Ibrahim, (2015) define Globalization as the growing influence that exerted at the local, national, and regional levels by financial, economic, environmental, political, social, and cultural processes that are interconnected in scope.

Todaro and Smith (2011) in their book ‘Economic Development’, define globalization as a ‘process by which the economies of the world become more integrated, leading to a global economy and, increasingly, global economic policymaking, emerging of “global culture,” in which people consume similar goods and services across countries and use a common language of business. In its core economic meaning, globalization refers to the increased openness of economies to international trade, financial flows, and direct foreign investment’. This definition captures economic, culture and political connections across continents (Habasonda, 2013).

Globalization has brought not just many challenges like unfair trade policies, loss of cultural identity, terrorism, and drug trafficking, money laundering, and other form of crimes, and ‘brain drain’ but also it has opened doors for the country to benefit through exports and imports of goods and services, technology transfer, inflows of foreign investments and remittances (Ibrahim, 2015). Over thousands the years, globalization has changed the economic activities across countries through trade, finance, migration, and technology. These global interrelations have often been very productive in the advancement of different countries (United Nations, 2011).

• Migration

One of the driving forces of globalization is international migration. It has been integral part of world economic system since the industrial revolution in the 19th century (Knox et al, 2008). The International Organization for Migration (IOM) maintained that higher demand for labour in the developed economies and availability of labour in underdeveloped economies has set global labour migration in motion (Acosta, Pablo, Lartey and Mandelman, 2010). The huge global labour market has offered employers the chance to hire migrant workers as part of their cost minimization strategies. Moreover, globalization with its associated forces has increased the mobility of labour across borders. It has already reinforced the movement of skilled workers (Habasonda, 2013). Multinational corporations favour the movement of labour, especially highly skilled labour (Verter, 2011).

• Remittances

Negative effects of the remittances can be explained by the structural approach that suggests that reliance on foreign capital undermines the development by posing serious long run economic and social consequences (Agunias, Dovelyn, 2012). Excessive dependence on receiving financial flows (remittances) impairs the country’s ability to develop its economy. However, this measure applies mostly to countries that are rich in natural resources or skilful and inexpensive labor. African countries the FDI per capita is small since they do not have natural resources and as a result FDI is not a reflection of any economic development (Ibrahim, 2015). In addition, a steady inflow of FDI is possible only under political stability which is not the case in South Sudan.

• Liberal democracy

The political effect of globalization is analyzed by examining globalization through perspectives of liberal democracy that is built on ideas of spreading and imposing principles of capitalism, neoliberalism, industrialism and so forth around developing world (Bhandari, Amit and Heshmati, 2014). There should be implementation of neoliberal principles that include adoption of the liberal democracy model (open markets and democratic institutions) (Lawal, 2011).

• Cooperation

According to Knox et al, (2008) of the three approaches mentioned above, regional cooperation has been perceived to present a softer option as it allows respective players room for flexibility. Regional cooperation consists simply of cooperation and collaboration between countries on matters of mutual interest (United Nations, 2011). Developing

regions must undertake development integration as a first priority, as it will ensure that economic development and socio-economic conditions, such as poverty and unemployment, will be addressed before the developing regions move into higher stages of linear integration (Verter, 2011).

• **Regional integration**

These processes were triggered by globalization which reinforced new global and regional challenges which significantly impacted political processes in the region (Agunias, Dovelyn, 2012). Regional integration is an association of states based upon location in a given geographical area for safeguarding or promotion of the participants, an association whose terms are fixed by a treaty or other arrangements (Todaro and Smith, 2011). The level of integration depends on the willingness and commitment of independent sovereign states to share their sovereignty. Its objectives range from economic to political, although it has become a political-economy initiative where commercial purposes are the means to achieve broader socio-political and security objectives (Verter, 2011). Regional integration is a key strategy for development and intra-regional trade and is expected to produce considerable economic gains for Africa. Although it is widely recognized that intra-regional trade could play a significant role in accelerating economic growth and poverty reduction and enhancing food and energy security in Africa, the continent continues to trade little with itself (Habasonda, 2013).

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