

# Urban Growth and Impacts of Globalization in developing nations

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## ABSTRACT

Urban Growth and Globalization are new directions of development around the world and mainly in the developing nations. In light of advanced technology, higher demands from markets and faster turnaround times, globalization has become a fastener for world trade. Urban inhabitants around the world are increasing the anxiety on the natural atmosphere. As fossil fuel combustion increases, as land is cleared, as the number of users and their expectations rise, so cities are contributing to the deprivation of the world's natural systems. These large-scale ecological problems should be remedied with strong strategies that also modernize the existing, and usually unequally dispersed, urban environmental health hazards. The mean of this paper is to study the urban growth and impacts of globalization across the developing nations.

**Keywords:** urban, development, globalization, urbanization, planning etc.

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## INTRODUCTION

Globalization is not a new concept in the world. It may be farther along and advancing at a faster rate than ever before, but globalization has been around for hundreds and, debatably, thousands of years. It is the process of continuing integration of the countries in the world. It is strongly underway in all parts of the globe. It has enormous effects on all aspects of life ranging from economic, social, cultural and physical development of different regions of the world. It will however have more pronounced effects on large settlements especially in the cities.

There are two ways of looking at globalization. One is as an accidental or predictable affect of economic growth; industry, technology, communication, etc. As the economy grows, it is only natural for a global market to become established in previously local areas. For this to happen, free trade and the free movement of capital are essential. Globalization is not just expansion; it is, as Merriam-Webster notes, "an increasingly integrated global economy." For integration to occur, economic freedom is necessary. Expand your knowledge of our global economy with this five-star course on finding success in global business.

The second way of looking at globalization is as a deliberate process, and this is almost certainly more perfect. Yes, there is a degree of inevitability involved, but this is due in large part to the agreements made between nations, between corporations, etc. Business wants globalization and it has almost single-handedly caused it to happen.

Integrating a global economy is nothing new, but the modern implications in global business are bigger and stronger than ever before. Globalization is defined here as a set of economic and political structures and processes deriving from the changing character of the goods and assets that comprise the base of the international political economy—in particular, the increasing structural differentiation of those goods and assets. There is a growing concern about the urban cities in the global economy. It is clear that cities are now recognized as the focal point of the global economy, and urban development issues are seen as an integral part of the global market trends. It is unfortunate that this broader vision of the role of cities is not reflected in the macro-economic and urban policies in India. Despite the empirical evidence that urbanization is a distinctive feature of the national development process and that cities have always played a dominant role in the economic, cultural and political spheres.

It also refers to the growing impact of world systems of finance and economic life, transport, communications and media, language and symbols. It is as much about the cross-global movement of people and ideas as about markets and money, and more about networks than about patterns of commodity trade or off-shore production. On the one hand, a connection is made between social and economic relationships and networks, organized on a local and / or national, on the other hand, it connects social and economic relationships and networks crystallized on wider scale the regional and global interactions. Globalization can refer to those spatial-temporal processes of change, which constitutes the fundament of the transformation of human concerns in an organization, linking together and expanding human activity across regions and continents. Without referring to the expansion in space of the connections, there can be no clear and coherent formulation of the term globalization. A satisfactory definition of globalization must address each of these items: extension, intensity, celerity and impact.

This paper identifies the physical growth trend of the cities and offer explanation, upon which suggestions are offered on how to harmonize this changing city growth pattern with the advantages offered to human development by globalization.

### **RELATED WORK**

Globalization seeks to promote specialization and the principle of comparative advantage in the production of goods and services on a global scale. It is aimed at creating a new world economic order, efficiency, competitiveness, efficient allocations of resources, and speedy growth of the world economy. Generally the most pronounced effect of globalisation has been a shift in urban government policy from managerialism to entrepreneurship, which views the city as a product that should be marketed.

Ann Marie Slaughter (1997) concurs that a new world order is emerging, with less fanfare but more substance than either the liberal internationalist or new medievalist visions. The state is not disappearing, it is disaggregating into its separate, functionally distinct parts. These parts—courts, regulatory agencies, executives, and even legislatures—are networking with their counterparts abroad, creating a dense web of relations that constitutes a new, transgovernmental order.

Appadurai (1990) states that the critical point is that both sides of the coin of global cultural process today are products of the infinitely varied mutual contest of sameness and difference on a stage characterised by radical disjunctures between different sorts of global flows and the uncertain landscapes created in and through these disjunctures.

Castells (1996) represented that the network society is, in its various institutional expressions, is a capitalist society. But this brand of capitalism is profoundly different from its historical predecessors. It has two distinctive features: it is global and it is structured, to a large extent, around a network of financial flows.

Carnoy (2001) stated that Globalisation may indeed mean the end of the nation-state if the nation-state fails to redefine itself to meet the new conditions it faces in the global environment.

Wallerstein (2004) told that personally I think it [globalization] is meaningless as an analytical concept and serves primarily as a term of political exhortation.

D.L. Sheth (1995) offers a distinct, although complimentary, response to the proponents of reconstituted modernization theory: While democracy is becoming a preponderant form of political governance in the world, the discourse on democracy is becoming narrower and poorer. The discourse is increasingly focused today on what institutional options are suitable for a particular country from those available within one type of political democracy, namely liberal democracy. The discussion is often limited to the suitability of particular institutional structures of liberal democracy.

Francis Fukuyama et. al (1993) suggesting that: Long-standing questions about how to reconcile the twin goals of growth and equity were replaced with the spartan certainties of monetarist economics. Trickle-down theories long discredited in developmental economics were held out as the answer to the distributional dilemma, and crude modernization theory was resuscitated to forecast the ultimate convergence of economic and political systems across the globe. The politics of economic organization were explicitly removed from the agenda and replaced with formulas that upheld price liberalization, 'speed' and 'thoroughness' as the exclusive determinants of successful reform.

Harris and Peterson discussed that the main aim of these studies has been to arrive at some generalizations concerning the nature of association between economic development and urbanization. Although it may seem repetitive, a few of these generalizations need to be noted here in order to place the analysis of Indian urbanization and city growth in a broader context.

(Kidwai 2013) studied that Urban growth in the colonial period was characterized by the emergence of what is known as 'gateway' cities which were generally port cities conducive to trade of commodities and manufactured goods between the colony and the imperialist country Calcutta, Bombay and Madras are prime examples of such gateway cities that emerged and prospered during this period. In the post-independence period, these cities continued to experience higher levels of concentration of urban population.

Stephan Gill (1990) performs an attempt to universalize hegemony by politically synthesizing a range of interests' lies at the heart of the forging of a historic bloc. The historic bloc is therefore an 'organic' link between structure and superstructure. Such a bloc cannot occur spontaneously, nor simply as a result of the force of economic necessity. It needs leadership and action based on a highly developed political consciousness within the dominant social class.

According to Urry (2006) Globalization could be viewed as the replacing of one region, the bounded nation-state society of the 'west', with another, that of global economy and culture. Globalization could also be viewed not as one larger region replacing the smaller region of each society, but as involving alternative metaphors of network and fluid.

The effects of globalization and FDI are both positive and negative. Dreher (2006) and Dreher et al.(2008) stated that globalization affected negatively the growth policies, taxation management, and political environment of many countries. In addition, Beck (2000); Christmann and Taylor (2001) affirmed that countries faced various challenges regarding economic and environmental risks. Current environmental issues such as climate change and peak oil prices will thus result in peak globalization (Curtris, 2009).

In contrast, economic globalization has a strong positive effect on the living conditions of people, especially life expectancy and increased population growth rates. A high return on investment rate is also associated with a high level of productivity, which is displayed by the increase in globalization value. Furthermore, international competition increases the need for developed technologies and investments (Looney and Frederiksen, 2004). Also, the flow of investment promoted by an economic growth policy is altered due to the dynamic power of FDI and other investment patterns with high incentives.

FDIs contribute to the process of agglomeration in market economies and can influence development policies. Therefore, the influx of FDI into a nation can increase GDP (Lipsey, 1999). On the other hand, job concentration and transition also affect the legislation of permanent and temporary employment (Gross and Ryan, 2008). The impacts of FDI can be interpreted variously based on the types and purposes of FDI. For example, one of the most significant entry modes that impact the pattern of increasing capital and the productivities of the host regions and nations is the Greenfield investment type, whereas the merger and acquisition mode is expected to transfer income from the host countries to foreign countries (Kim, 2008).

Significant evolution and development of economies are driven by FDI as an open-country policy, which brings new technologies, capital, and new economic structures to the regions (De Mello, 2012). Therefore, attracting FDI is a top priority for many countries around the world. For example, with the flow of FDI from the processes of spatial agglomeration, regional GDP can grow. Obviously, many countries intend to increase their GDP. One method to increase GDP is for countries to favor foreign over domestic investments and provide more freedom and incentives to foreign investors, with various tax reductions, market priorities, public services, and other significant rights. Kang and Lee (2007) found that the quality of labor and transportation infrastructure positively influenced the location decisions for South Korean FDI in Chinese economic zones, whereas labor cost and travel distance showed negative impacts.

## **GLOBALISATION AND URBAN GROWTH**

Globalization perceives the world as a trade unit without socio-political barriers and constraints. It is the process through which people; goods and services, trades, ideas and information flow across the borders of countries with ease. This has been enhanced greatly by technological breakthroughs in the development of the computer and telecommunications. Globalization is characterized by liberalization of the world economies and economic activities to free them from institutional control and thereby foster and promote the free market mechanism, private enterprise, open competition, professionalism and excellence in corporate governance.

The whole 21st century will be a global century, marked by increasing international trade and investment, growing transnational communications, and expanding cross-border alliances businesses and industries. Indian cities seeking to improve or even maintain their economic position must provide the labor force, services, and infrastructure that allow locally based domestic and foreign-owned firms to participate more successfully in the international marketplace. Rapidly expanding global markets will provide our cities and their residents with immense opportunities to prosper, but only to the extent that their businesses and labor forces are prepared to respond to new global challenges.

India is thus clearly on the path to globalization. The system of governance at the macro-level appears to be performing its tasks appropriately. Yet there are persistent doubts about the macro and microsystems of governance, particularly in the ability of the urban local governments to cope with the infusion of foreign investments and, more importantly, about their ability to create an environment conducive to making the Indian cities capable of competing with other global cities. In this context it is important to note that the macro-economic policy in India, with its focus on trade and tariff measures, financial reforms and industrial sector reforms, have completely disregarded the urban dimensions. As stated earlier, economic growth essentially emanates from the cities. But the policy regime of urban governance in India has largely remained insensitive to the forces of globalization. In the emerging scenario of impacts, cities will need to be governed quite differently.

India today is the world's second most populated country (having just topped one billion) is governed by a robust, if turbulent, democracy with an unfettered press and an independent judiciary.<sup>10</sup> In contrast to China, it is also a federal system where the several states have considerable autonomy from the central government. The Indian administrative model takes its inspiration from the British system and was designed to separate the political and administrative arms of government. Planning is thus regarded as the responsibility of a highly esteemed and competent civil service at both federal and state levels. Admission and promotion within the civil service are considered to be based on merit rather than patronage, and the administrator in Indian society is regarded as both an employee of the state and a servant of the public. The economic framework of urban growth is quite simple.

Financial and industrial globalization is increasing substantially and is creating new opportunities for both industrialized and developing countries. The largest impact has been on developing countries, who now are able to attract foreign investors and foreign capital. This has led to both positive and negative effects for those countries. It is clear that economic globalization has bypassed many countries and cities, perhaps the vast majority of the low income developing nations. Does this mean that there are large parts of the globe that are untouched by globalization? The answer to this question must begin with the recognition of a clear distinction between two contrasting overarching views of globalization. Some academics have gone so far as to suggest that in order to succeed in the global economy there are certain universal "cultural imperatives" that cities must follow.

The opposite view is that globalization promotes, more than anything else, difference and plurality – of culture and values, of taste, of political formations, of identity – and at the same time generates resistance that is empowering and liberating. As far as urban development is concerned, this ideological apparatus includes support for markets and trade, democracy and decentralization, and "good governance" based on inclusion, transparency, and social justice. These ideological elements of globalization are far more pervasive than economic globalization, which, as shown before, has barely touched large parts of the developing world. However, as also shown before, this is not the only ideology that has coinage in the global south; the ideology of identity and identity politics may be more persuasive to more people in the developing world than is the ideology of markets, democracy, and good governance.

In this dramatic instance, globalization did not eliminate the local; it strengthened it. The new Council majority represented the interests of small businesspeople and petty bourgeois in the city who were feeling disoriented, their livelihood threatened by the seemingly irreversible forces of globalization. It was this majority that the formerly hegemonic social democrats, in their eagerness to put Rotterdam on the global map, had failed to perceive. The Perspective broadens considerably the focus of physical planning as traditionally understood in India as a form of urban development. It advocates multi-sectoral spatial guidelines and forcefully pleads for a multi-scalar planning approach.

### **IMPACTS OF GLOBALISATION ON DEVELOPING NATIONS**

Globalization creates greater opportunities for firms in less industrialized countries to tap into more and larger markets around the world. They have more access to capital flows, technology, human capital, cheaper imports and larger export markets. Globalization allows businesses in less industrialized countries to become part of international production networks and supply chains that are the main conduits of trade. Globalization in India has intensified interdependence and competition between economies in the Indian market. Changes have taken place in the last two decades especially in the nature and pattern of urban growth. Economic and spatial structures of cities have begun to reflect the changing composition of the global regional markets. New townships with high quality infrastructure have sprung on the periphery of large cities.

#### **Negative effects of globalization on developing nations**

- The growth of international trade is exacerbating income inequalities, both between and within industrialized and less industrialized nations.

- The volume and volatility of capital flows increases the risks of banking and currency crises, especially in countries with weak financial institutions
- Competition among developing countries to attract foreign investment leads to a "race to the bottom" in which countries dangerously lower environmental standards
- Cultural uniqueness is lost in favor of homogenization and a "universal culture" that draws heavily from American culture
- Global commerce is increasingly dominated by transnational corporations which seek to maximize profits without regard for the development needs of individual countries or the local populations.
- Protectionist policies in industrialized countries prevent many producers in the Third World from accessing export markets.

### **Positive effects of globalization on developing nations**

Conversely, globalization can create new opportunities, new ideas, and open new markets that an entrepreneur may have not had in their home country. As a result, there are a number of positives associated with globalization:

- It creates greater opportunities for firms in less industrialized countries to tap into more and larger markets around the world
- This can lead to more access to capital flows, technology, human capital, cheaper imports and larger export markets
- This can lead to better products and sometimes lower prices
- This can lead to more efficient markets
- Globalization helped heighten world security
- More wealth equality throughout the world

It also allows businesses in less industrialized countries to become part of international production networks and supply chains that are the main conduits of trade.

### **CONCLUSIONS**

In this paper, the author has discussed about the urban growth and impacts of globalization across the developing nations. Countries of the world are impacted at different levels by globalization. Economic globalization has a clear regional dimension – entire regions are either incorporated within global flows or they are almost entirely left out. There is a rapid and positive progress towards society. Rural economy is the pillar of through its agricultural activities. The impacts of globalization have changed many developing nations towards the global superpowers. However rural economies must tread cautiously on the path of globalization as its negative effects can prove to be catastrophic.

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