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Globalisation, Economic Growth and Employment Creation In South Africa

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Abstract
Globalization has become a major topic of discussion and concern in economic circles since the mid- 1990s as it became increasingly clear that the trend toward more integrated world markets has opened a wide potential for greater growth, and presents an unparalleled opportunity for developing countries to raise their living standards (Ouattara, 1997). However challenges emanating from the colonial past have come to haunt the post-colonial state as globalization has become increasing the determinant of national economies. As a result globalisation has become a development which countries have found inevitable. South Africa, a member of the global community and an economic giant on its own, has not been spared by globalization. Economic, political, and social developments in other parts of the world have impacted on South Africa's propensity to provide viable economic benefits for its citizens (Mapuva, 2010:390). This paper looks at the challenges that developing countries are experiencing as a result of globalization in which nations have become recipients of global economic policies and not equal partners in the formulation of the said economic policies. This has impacted negatively on the economies of developing states as they grapple with shrinking job markets and deteriorating working and living standers for the populations.
Keywords: Globalization, Economic Growth, Development, Employment, Developing Countries, South Africa,

1. Introduction

Haunted by the experiences of the apartheid era and the increased calls by its citizens to deliver on its promises, on the backdrop of unpredictable global financial markets, South Africa has had to contend with an increasingly restive population. As a result, the nature of the world economic order has been such that it has negatively impacted on South Africa's propensity to create employment and to provide service delivery for its citizens (Bossone, et al, 2001). It is common knowledge that the enduring impact of the apartheid segregatory policies have left the country with lean skills base, making South Africa citizens prone to further post-apartheid employment maginalisation, purportedly because they do not have what it takes to secure employment in the increasingly competitive job market. This has further posed problems of exportation of skilled labour from neighbouring countries , notably the country's northern neighbour, Zimbabwe, a country which inherited healthy and competitive education system that has been matched by very few on the continent. Global financial market has continued to dictate the pace of economic and sometimes political developments in most countries across the globe. The global financial system itself has passed through several stages since the post world war system was installed at the end of the 1940s. Notable transformational stages that the global financial system has undergone include, various structural changes, a severe debt crisis of the 1908s which undermined developing countries, and a wave of corporate take-over and mergers between large-scale financial and industrial institutions and concerns.

2. Nature of the World Economic Order

The quagmire with South Africa, just like in most countries is that they are not in control of, nor are they determinants of the global economy but in most cases are recipients and implementers of policies generated from elsewhere, especially by the Bretton Woods financial institutions. Turok and Jawoodeen (1999) have noted that the world economy is increasingly being administered by a new generation of financiers manipulating a glut of liquid capital. They further point out that the unregulated influence of investment and merchant banks, stock brokerage and large insurance companies cuts across national boundaries and represents a challenge for governments of developments of developing and vulnerable countries. Economic activity during the aftermath of the two world wars have can best be described as "the survival of the fittest", accompanied as it is by widespread social devastation and hardship for the vast majority of the poor and vulnerable across the globe (Bossone, et al, 2001). On the same note, the speculator has emerged as a key player, driven by the objective of generating ever more profit with scant regard for any social cost. The speculators are far removed from the real economy (as they do not produce anything) yet their decisions affect all economic corporations across the many stock exchanges.

Their decisions impact on employment and on productive output. They operate in different financial markets including money, futures, options, capital and derivatives, and speculate on the future price of currencies and commodities (Tukok & Jawoodeenm, 1999). These developments on the global economy have had a knock-on effect on the South African economy as well.

Technology provides the super highway for international transactions. Geographical local and time no longer act as obstacles to the financial system. The New York Stock Exchange (NYSE) for example can handle more than 300 000 transactions a day with a capacity of more than 2 million shares (Chossudovsky, 1997)[1]. Any instability on the NYSE will impact negatively on the global financial system. The risk of financial instability for developing countries like South Africa is now significantly greater than before and their propensity to absorb economic shocks has also become limited. As far back as 1995, it was estimated then that daily foreign exchange transactions exceeded the foreign exchange reserves of many individual governments. This resulted in many banks being unable to defend their currencies against aggressive speculative behaviour and activity of most speculators (Bird, 2001). Unregulated capital movement became the major factor in the financial crisis in South East Asia and Latin America.

Consequently, speculation has taken its toll on the global financial market. It is estimated that speculative transactions are a huge proportion of all financial transactions. There is a huge liquid pool of dollars internationally much of which is pension funds. In 1990 there were only 12 Hedge Funds-in 1998 there were 3500, speculating on the world markets (Chossudovsky, 1997). They use their core capital as a base for borrowing much larger amounts to speculate on derivative markets. The scale of these transactions is potentially explosive.

While it is common knowledge that the Bretton financial institutions, notably the IMF and the World Bank have acted as the financial inspectorate for the global financial market, protecting the activities of speculators and the free movement of capital. Their first priority has been the creation and protection of an economic system in which large and powerful economic entities trade, invest and move capital without much hindrance from national governments (Bird, 2001). The hidden agenda of structural adjustment is to create conditions for the withdrawal of funds from a country while the exchange rate is still favourable and high. The standard proscriptions (and prescriptions!) imposed on developing countries include (but not limited to): currency devaluation, trade liberalisation, privatisation of public enterprises, withdrawal of subsidies, removal of price controls, exchange rate and interest regulation. The Bretton Woods financial institutions continue to propose an open policy framework to foreign investment, drastic budgetary cuts and export promotion at the expense of domestic productive capacity and social upliftment. At the end of it all, these policies have caused widespread unemployment and hardships for poor communities throughout the Third World and parts of Eastern Europe as industrial concerns succumb to economic pressure (Briggs, 1994). This has resulted in a policy in the World Bank given that financial policies emanating from this institution have tended to be more punitive than beneficial to poor communities for whose benefit they are supposed to serve.

It becomes imperative to differentiate between economic growth and economic development. It is not true that foreign capital will always assist economic development, that free trade always helps economic recovery, and that devaluation removes balance of payments deficits or that higher interest rates will increase savings. These are economic myths that have been propelled and continue to be imposed on developing countries by the IMF and World Bank.

Much of the IMF-World Bank trading conditions have been favourable to rich countries. Recent IMF policies towards Brazil and other countries conform to the requirements of the US Treasury strategy and provided an early warning system for powerful economic interests against any risk (Turok & Jawoodeen, 1999). The IMF recovery package offered to Brazil allowed American Banks an exit route for their investment on favourable terms. The result was an increase in unemployment and a decline in social spending in Brazil which resulted in increased homelessness and caused widespread hardships for the poor (Bird, 2001). This has been evident in almost all countries that embarked on SAPs where the recipient countries emerged from the structural adjustments with more bruises than before. Investment banks and brokerage firms have acted as both global speculators and creditors. They have been accused of contributing to the destabilisation of national currencies through aggressive and unregulated currency speculation. This has in most cases, resulted in increased debt for developing countries which have seen the investment banks and brokerage firms acting as creditors with the intention of collecting debts accompanied by large and long term interest charges (Turok & Jawoodeen, 1999). Therefore the intervention by the IMF and World Bank has at the capacity of administrators of recovery programmes. They have done so through providing services such as approving national budgets, providing 'expert' advice to national Central Banks, Departments of Finance as well as Trade and Industry, all of which form the hub of national economic development (World Bank, 2004). Additionally, they approve monetary,

[1] Michel Chossudovsky (1997), "The Globalization of Poverty, Impacts of IMF and World Bank Reforms" Third World Network, Penang and Zed Books, London

fiscal and tariff policies. However, the 'recovery programmes' have led to retrenchments, wage freeze, falling incomes, disintegrating health and education as well as other social services and increase dependence on industrialised countries (Shirai,2004:48).

These are evident factors that have provided challenges for developing countries to integrate into the globalising world economy. Integrating into the globalising world economy may be envisaged to create some opportunities, but it is a highly uneven process in which there are losers as well as winners. This has also led to the marginalisation of many countries in the process of trying to integrate into the world economy. The global forces shaping globalisation include transnational corporation, multi-lateral institutions, governments of advanced industrialised countries and the Bretton Woods institutions. Within the industrialised bloc, the US is a global hegemonic force. Measures and prescriptions, which benefit US interests, are being presented as policies for all countries to implement. However in the midst of this entire furore, there is scope for resistance and many opportunities for political interventions within and across countries against the consequences of globalisation (Shirai, 2004:49). There is scope for strategic alliances, especially within the negotiations of the World Trade Organisation.

3. Can South Africa Contend with the Wave of Globalisation?

The winds of globalisation have blown in all directions and the impact has been felt in all countries of the world and South Africa has not been spared. It is generally acknowledged that the previous protectionism of South African industry has to be reversed and the commodities and products so produced have to contend with the highly competitive international markets against imports into the country. This is an imperative imposed on the country by the present world economic order. However, bearing in mind that protectionism has been practiced in everywhere that it enabled many countries to industrialise (Malaysia kept all its protective tariffs intact for a long time) and that there is still a great deal of protectionism around especially in the advanced countries, this matter must be approached with great caution (Agama, 2001). The key seems to lie in the correct sequencing of integration into world markets. Too rapid integration poses the danger of losing local firms, shedding jobs, and undermining the existing economy. In addition, firms which were excluded from overseas markets boycotts need time to build up their presence overseas, experiment with product design and generally gear up to face international competitors.

One of the most difficult issues in sequencing is the phasing out of domestic tariffs. Firms which became complacent under apartheid by virtue of the exclusion off imports, or by the generous export subsidies, became less cost-efficient, and fell behind technologically. To gear up their productivity and effectiveness they needed time to adjust which meat the gradual phasing out of tariffs and the addition of various forms of supply side measures which often takes the form of cash incentives for modernisation of their industrial concerns (Alleyne & Arvind, 2001). Decisions have been required on which sectors of industry should be given priority in the national interest.

Perhaps there are lessons from the way Latin America tried to integrate into the world economy. The emphasis was on the expert of unprocessed primary products where there is low value added, hence less building of domestic industry but this did not work (Agama, 2001). Even to this day, high technology exports are rare while agricultural exports are abundant. At the same time advanced country exports in Latin America increased massively feeding the urge for consumption goods. East Asia managed the reverse of this so that agricultural exports declined while manufacturing and high technology products expanded.

One of the factors influencing the way countries integrate is the growth model imposed on developing countries by the IMF and World Bank which tends to restrict them to producing and processing raw materials for export. The argument seems to be that industrialised countries have a comparative advantage in manufacturing, machinery and finance, so developing countries should focus on minerals and other primary commodities. This makes them vulnerable to reductions in raw material commodity prices and escalating prices of finished goods, thus leading to trade imbalances and hence foreign debt. The result of such policies is de-industrialisation, third world debt, informalisation of employment and increasing unemployment. To make matters worse, in recent years the imports of the advanced countries of primary commodities fell heavily in value as prices have fallen. The result has been that developing countries have continued to receive less in foreign revenues. This problem reinforces the argument that developing countries must gear up for the diversification of their economies and their export commodities as an insurance against falling commodity prices on the global market. A sound industrial policy should be pluralistic, that is some production dedicated to exports, some for the domestic and others for the regional markets.

It is often argued that for South Africa to become a major exporter, foreign direct investment (FDI) is needed to rebuild the country's industry (Turok & Jawoodeen, 1999). This is partly to compensate for the low level of savings in the country, hence low domestic investment. On the other hand, experience elsewhere has shown that FDI may crowd out domestic investment, that is, displace local capital by foreign capital, thereby advantaging the latter. It is notable that much of present day foreign capital inflow is short term and speculative and not long term. Such speculative "hot money" may be harmful since it flows in and out rapidly and may destabilise the economy. Malaysia attracted a great deal of foreign investment and, like Chile, had regulations, which curbed rapid withdrawal, but has not been an easy process. On the other hand the days of import substitution industrialisation (ISI), that is, assisted local manufactured goods, which replace imported goods, seem to be over as international pressures for opening up markets mount (Turok & Jawoodeen, 1999). Globalisation is a reality and as such has become probably impossible to resist it except by means of sequencing, which has become best practice in the world economic order.

4. South Africa Within the Macro-Economic Equilibrium

One of the main reasons countries strive for a credible macro-economic profile is the need to attract foreign direct investment. Such a profile relates to elements like a low budget deficit, low inflation, low interest rates, strong financial reserves, and most importantly a stable strong currency (Agrawal, 1995). Currently, because of the stringency of South Africa's economic management since 1994, the country's numbers look good. Indeed some believe that few progressive governments have managed to have such good fundamentals within the first five years in offices. It is also plausible that South Africa has been able to keep its inflation figures in check and under control. However a restrictive macro-economic strategy may have been harmful on the real economy leading to stagnation. It is perfectly possible to get the numbers right without real benefit to the population as a whole. Some argue that the starting point for economic policy should be premised on issues like unemployment rather than macro-economic equilibrium (Alleyne & Arvind, 2001). This is the growth-development debate that have raged in economic circles as many countries have tended to pursue academic economic which are impressive on paper but deriving not much practical benefits to the general populace. It would therefore be proper that socio-economic programmes should be underway at the same time as sound macro-economic programmes (World Bank, 2004; Turok & Jawoodeen, 1999; IMF, 2009). However, the challenge is financing such programmes while also reducing the budget deficit and when foreign investment has not taken off. South Africa's prospects have not been that good on attracting foreign investment since the countries has been competing with numerous emerging markets. Facts on the ground indicate that while macro-economic equilibrium may be a necessary condition for a sound economy, but it is not a sufficient condition. It is not clear however, what that equilibrium should be, nor what freedom of manoeuvre governments should have. The conventional wisdom of the Washington Consensus that a single set of policies and target macro-variables should fit all countries is now giving way to a more flexible nuanced approach (Briggs & Mayank, 1997). However, the pressures for conformity to a set of policies meant to bring equilibrium or "stability" have remained in place.

4.1 Fiscal Policy and Economic Growth in South Africa

If economic growth and economic benefits of post-apartheid South Africa are to cascade to the people, there is dire need for healthy fiscal policies. Government expenditure should be reigned in and guided by the need for growth, for increases in employment, and improvements in living standards. Government expenditure must also distinguish between spending for current needs (consumption) and long term needs (investment). South Africa should also consider reducing the former and at the same time increasing the latter as such a scenario would ensure that the economy generates new productive capacity. Any reduction in investment expenditure, say for budget purpose, is short sighted, since the only hope for a rowing economy is investment in such areas as infrastructure of all kinds (roads, electricity, etc), technological capacity, and capital goods (capacity to make machines and machine tools).Also essential is expenditure on labour intensive activity such as education, which should be distinguished from expenditure on administration (Turok & Jawoodeen, 1999).It is noted that it is easier for governments to cut investment spending that consumption spending since the latter is more immediately linked to salaries and jobs where opposition can pose problems. But the temptation should be resisted. Similarly, government expenditure on infrastructure and services will reduce the inequities of apartheid, increases productivity, attract private investment (domestic and foreign) and "kick start" industrial development (Turok &Jawoodeen, 1999).At the same time social expenditure is also necessary to promote equity and generate social stability. One of the major problems is how to achieve income redistribution to enhance social equity. But it is also important for expanding the domestic market. Since there is evidence that much private consumption is by higher income earners, an expansion of consumption at lower income levels would create new demand and thereby encourage manufacturing and the additional provision of services. This kind of incentive is particularly important when the economy is operating below full capacity (it is currently at 80%) (Turok &Jawoodeen, 1999). But implementing income redistribution would be difficult and carries a macro-economic implication. Therefore the best policy would be to foster demand at the same time as improving supply side productive capacity. And on the revenue side, it would be important to distinguish between corporate income before and after tax. There is a belief that taxation should be on distributed profit only as that would encourage firms to re-invest much of their surplus rather that hand it out as profit. However, the success of fiscal policies depends on existing monetary policy framework and vice versa.

4.2 The Thrust in South Africa's Monetary Policy

A government's monetary policy impacts on interest rates, exchange rate, money supply, reserves, and access to credit (Cornelius, 2002). It influences investment, household consumption and government expenditure. Monetary policy should be steered towards creating an environment of lower interest rates. High interest rates affect investment negatively, and increase interest payments on government debt. Real interest rates (market interest rates minus inflation) should not be greater that the rate of growth of the economy. Encouraging savings and investment are important elements of policy in highly unequal societies though increase interest savings do not necessarily and automatically lead to growth in investment (Cook & Jeffrey, 2000). Household and incorporate savings have drastically declined in South Africa and the latter have been shifted abroad. Additionally, it has been observed that devaluation weakens the currency of developing countries without necessarily attracting foreign investments and causes deterioration in the balance of trade in favour of industrialised countries (Chauvin & Gaulier, 2002). This results in developing countries having to sell cheap and buy dear, while industrialised countries do the reverse, purchase raw materials in developing countries cheaply. However enhancing the value of a currency can also be explosive, especially on the country's propensity to increase exports.

4.3 The Case for a Socio-Economic Programme

As indicated above macro-economic equilibrium does not necessarily preclude a comprehensive socio-economic programme but instead ignores a range of political and social requirements such as redistribution, equity and political participation.

4.3.1 Redistribution

It has been argued that integration into the global economy is inevitably accompanied by an enduring period of transition. In South Africa there have been substantial job losses in some industrial sectors, though there have also been some countervailing improvements in others and in the informal sector. What needs to be examined is whether integration has had an impact on employment and poverty. The poverty dimension is particularly relevant to the poorer indigenous population communities in the urban and rural areas (Collier & Gunning, 2006). It is clearly insufficient that skilled jobs be created only in the modern export oriented industrial sectors while vulnerable communities become dependent upon the social responsibility of the affluent and those in work. This has tended to exclude a large part of the poorer communities from economic activity and condemn them to life of abject poverty. Sustainable employment is the only redress for societies experiencing poverty, illiteracy, homeless and destitution, all characteristics prevalent in most South African black communities, mostly those living in informal settlements sprawling in most urban areas. In the long run unequal societies do not grow. Market forces do not lead to redistribution; it has to come from deliberate policy intervention (Turok & Jawoodeen, 1999). A growth strategy which focuses on the redistribution of resources is required. Key elements of such a strategy would include employment generation, diversified production, equitable wages, as well as education and training for boosting the skills base. Additionally, there is need for government investment in housing, education, roads, electricity etc as part of a social contact. Redistribution has been viewed as encouraging political participation, social stability and economic growth (Chauvin & Gaulier, 2002). Te provision of infrastructure and social services have attributed to improved living conditions for poor households in both urban and rural areas.

4.3.2 Economic Growth and Job Creation

There is no certainty that economic growth will necessarily translate into increased employment. Instead there may be job-less growth. A development strategy implies that employment generation will be a prerequisite, targeting the poorest and most vulnerable sectors of sectors of society, and influencing the structure of production, investment and distribution. Given the dire need for skills, training and education would be an integral part of employment generating strategy. The strengthening and protection of worker rights will also help in promoting stability for both employers and employees. Job security and promotion of trade unionism should become a responsibility of all stakeholders.

Social spending should be directed towards the common good and should be seen to contribute towards poverty eradication, employment generation and should endeavour to correct the distortions of a market economy. A lack of social services in the poorer communities of South Africa contributes to skills shortages, and exclusion from economic activity for the vast majority. There has been a longstanding backlog of social spending in health care, housing, electricity, water provision and a proper public transportation network. This is against the generally acknowledged notion that a healthy population is more likely to be productive. A developmental strategy would desperately need to be put in place to correct these imbalances as a prerequisite for economic growth. In addition the provision of social services would most likely expend economic activity through the procurement and sub-contracting. Housing projects, hospitals, roads, railway stations and schools would therefore need to be built or upgraded to cater for the requirements of the increasing population.

Broadening the base of the economy is linked to the expansion of the domestic productive capacity across the whole chain of production. The objective has been to provide employment and income to the most vulnerable sectors of society. This has tended to encourage linkages between local production and the national economy as part of a broader framework focussing on expanding the domestic market which remains vital. Increasing the number of producers requires improved access to capital, relevant skills and training and a pro-active industrial strategy with the necessary availability of finance and credit. Broadening the base contributes towards equitable participation in the economy by the historically excluded and the social well-being of that very society.

4.4 The Role of the State

It is widely acknowledged that developing countries require a pro-active developmental state whose interventions should be targeted, planned and co-ordinated (Turok &Jawoodeen, 1999). The state's role should primarily remain that of ensuring equitable and efficient revenue collection, initiate capital investment projects, broaden the base of the economy to include the vulnerable, and ensure a widespread network of social services. The base of the South African economy is not developed evenly, thereby making the country unable to meet the above cited criteria for providing services to its citizens. The onus rests with the political leadership to be able to address the shortfalls for the benefit of the populace.

Development institutions are able to enhance technological capacity and are able to attract private sector participation. The different development institutions and delivery instruments need to operate under the umbrella plan with the emphasis on using local resources and meeting the basic needs of the majority of the population. It is notable that women have a special role in development and that the record on the use of finance is very impressive. But support systems such as childcare need to be put in place. In the South African context, the Reconstruction and Development Programme (RDP) remains the cornerstone of the country's growth and development strategy, though the implementation has been poorly co-ordinated and executed. An evaluation of government's capacity to reduce poverty, increase employment and stimulate economic growth has been relevant to the effective implementation of the RDP. The RDP office has acted as a conduit for funding line ministries and has not been able to co-ordinate implementation through these line ministries. It is therefore imperative to evaluate the accountability of line ministries to the RDP programme and prioritise developmental objectives and resource allocations. A large part of the RDP budget was spent on salaries and other administrative costs, leaving the core of the programme unfulfilled. Questions have also been raised pertaining to whether civil society actively participated in the RDP activities, or it was just one of those top-down exercises.

4.5 Recommendation

For South Africa as a developmental to contend with the influence of globalisation on its economic thrust, the country should take cognisance of certain traits and trends in its economic activities. The capacity of the South African state in relation to developmental objectives needs to be reviewed with respect to the capacity of government administration and the efficiency of delivery instruments. Questions have also been raised on whether the state is duly affected by private commercial interests whose objective is to influence privatisation and government policy at the expense of developmental goals.

In addition, the state should continue on its path of creating a favourable environment for the private sector but it should also be more forceful in ensuring that national objectives are supported by the private sector. If properly co-ordinated government support for the private sector can contribute to employment creation, increased investment, technological innovation and equitable distribution of income. The state needs to find a balance between excessive regulation, which restricts economic activity as opposed to no government oversight, which could lead to deterioration in working conditions and an abuse of dominant position. The state should endeavour to create an enabling environment, which encourages competition and monitors economic activity.

The state plays a crucial role in human resource development, skills training and promoting domestic technology (Agama, 2001).Private sector expenditure on training in South Africa has been low compared to other developing countries. Human resource development and technology promotion require the participation of schools, universities, technical colleges, shop floor training and specialised facilities. Guided by an industrial strategy, the state needs to identify employment generating sectors and the skills that would be required to develop the full potential of these sectors. Government policy needs to be sensitive to sector differences according to technology application and working organisation. Additionally strong linkages need to be established between high technology facilities, universities, science councils and manufacturing enterprises. The state also needs to guard against excessive bureaucratic consumption, which contributes towards inequality. Income data highlights a widening disparity between those in government jobs and the vast number of unemployed and under employed. To procure government tenders some private enterprises end up employing black staff only to fulfil tendering requirements and not as a genuine gesture of commitment to economic development and growth.

4.6 South Africa in the Regional Economic Context

Despite the fact that South Africa is a regional economic powerhouse, its economic growth and development have been self-centred. The country's protectionist policies in various sectors of the economy have tended to deprive other regional players of economic benefit. Therefore there is an urgent policy need to develop a total picture of South Africa's position in the global economy inclusive of the region. South Africa should ensure that any international interaction should be on terms that benefit the region as a whole. The region should also become a driving force with other progressive force, to struggle for change in the global environment that will benefit peoples of marginalised countries. Therefore South Africa needs to strengthen countervail forces including SADC,AU,UNCTAD and other bodies. Additionally, South Africa should guard against being dominant in the regional economy accruing disproportionate benefits from regional integration and lowering of tariffs. Instead, the country needs to create a sustainable environment that ensures gains for all members of the regional economy. Hence the region has identified the need for development integration involving:

(i)a regional programme that has to go beyond trade integration with tariff reduction, and address sectoral cooperation, infrastructural and production capacity constraints,

(ii)a regional programme that recognises the different levels of development of the partners

In Latin America the region has succeeded in promoting regional solidarity against pressures from globalisation. Free trade agreements with the US have failed due to the lack of symmetry brining mutual advantage to all parties involved. There is still a large US restriction on Latin American imports into the US. However the region provides a fortress against the pressures imposed from WTO rules, IMF and World Bank prescriptions. Current regional negotiations seem to be putting a thrust towards securing mutual benefit and interdependence.

Conclusion

Globalisation has impacted on economic developments and growth in all countries of the world at different levels. This has resulted in rich countries getting richer and poor countries getting increasingly poor. Trade and exchange rates have also been in favour of industrialised countries, given that they are able to dictate the terms and conditions of trade. This has left developing countries on the verge of collapse as they are unable to provide for their peoples' needs such as employment, proper infrastructure and appropriate sanitary conditions. However, attempts at regional integration of countries within a specific region seems to hold the solution to imbalances in trade with industrialised nations. South Africa has been caught up in the same wave of globalisation with terms being dictated t her by industrialised nations.

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