

# Globalization and National Economics

## 1. Introduction :-

- \* All nations in the world are mutually dependent on each other for economic growth.
- \* Globalization has created dual effect by creating opportunities and challenges for national economies in the world.

## 2. What is Globalization?

2.1 The increasing interconnectivity of economies, culture and societies across different nations due to increase in technology.

## 3. What is National Economics?

3.1 Refers to country's economics including production, consumption, trade, income, employment and government policies respectively.

## 4. Relationship between Globalization and National Economics:

4.1 Both are closely linked, having profound impacts

4.2 Dual effect of globalization on National economics, both positive and negative

## 5. <sup>Positive</sup> Impacts of Globalization on National Economics:

5.1 Increase in Bilateral trade

5.2 Opportunities for foreign direct investments

5.3 Improved employability and income sources

5.4 Access to new technologies

5.5 Increase in government revenue due to international trade

5.6 Access of affordable goods to consumers.

5.7 Standardized international

policies on trade and investment

## 6. Challenges created by Globalization for national economies.

- 6.1 Economic inequality between poor and rich countries
- 6.2 Heavy reliance on international markets
- 6.3 Vulnerability to global economic downturns
- 6.4 Loss of jobs due to technological advancements
- 6.5 Tax exemptions to MNCs, leading to lower government revenues.
- 6.6 Greater economic costs due to large import of consumer goods
- 6.7 Environmental degradation (due to and environmental crisis) due to increased industrial activities leading to greater economic costs.

Conclusion:-

\* Globalization is both beneficial and detrimental to national economics

\* Essential to create state policies and international regulations that enhance the positive impacts in the world

In today's contemporary world, all nations in the world are mutually dependent on each other for growth, prosperity and development. It is extremely difficult for any nation to work (in silos) and exist in silos and progress

This interdependency and reliance has been created by the "globalization" phenomenon of Globalization. It has created a dual effect on the world economies, it with

tremendous opportunities of economic growth along with new challenges to overcome. Globalization has opened new and positive avenues of economic development like bilateral trade, foreign investment opportunities, employability, innovative technology and affordability. But at the same time, it has brought with itself challenges like vulnerability to global economic downturns, inequality between rich and poor countries, and greater economic costs, and overreliance on international markets. These challenges and opportunities are ever-changing. The right way would be to be quick and adaptive to these global changes to create a stable economy. Similarly, to create policies that promote the positive impact of globalization.

national economies in the world  
Globalization means the increased  
interconnectivity between all nations  
of the world. It is the interdependence  
of economies, culture and society  
beyond international borders due  
to increase in technology. It  
is a phenomenon that has <sup>created</sup> made  
world into one global society  
with everything and everyone  
connected and reliant on one  
another.

Similarly, National economics  
refers to a country's national  
economics including production,  
consumption of goods, trade,  
income, employment. It also  
includes the governmental policies  
that affect the influence  
the economy. It is the measuring  
factor of the development and  
success of a country and

determines the global economic standing

Globalization and National Economics are closely linked with each with profound impacts. Globalization has a dual impact on national economies as it positively and negatively influences <sup>it</sup> a country's economy.

All the successful economies in the world are the ones that have understood the relationship completely and have adopted such globalized policies that benefit their national economy and interest the most.

Moving onwards, the very first positive impact of globalization is the increase in bilateral trade among different regions of the world. Due to better communication, improved international trade policies and cross border regulations, the

mutual trade among diff nations  
have increased by many folds Today  
China is a very big exporters  
along side India, USA and  
Japan. Many trade pacts and  
unions take place <sup>between</sup> different  
regional countries to increase their  
trade activities. This in turn  
boosts the national economies  
of the respective country. Bilateral  
trade has become the biggest,  
most influential aspect of  
globalization that largely impacts  
the national economies of  
the nations involved.

Similarly globalization has  
opened doors for direct foreign  
investment opportunities around the  
world. This leads further boosts  
the national economy by increasing  
employability and income sources. It  
improves the tax revenues. Foreign



investments in infrastructure, energy sectors and other beneficial areas improves the overall economy of the country. It also allows the transfer of technology and knowledge. Allowing the international practices of innovation and expertise boost up the local community of that certain area. Moreover, the foreign companies create a skilled workforce from the local community to meet their demands thus improving leading to human capital development. Increased and diversified investment sources reduces the country's dependency on national treasury and debts, (allowing) and leads to the inflow of dollars. Thus, the direct foreign investments in any country are a source of great potential benefits to the national economy of that certain country through

World means -

Similarly, the employability rate of the world has improved due to globalization, with better communication, internet availability and standardized job practices, there are more jobs available around the world. Remote job opportunities and freelancing markets have bloomed, ~~and~~ allowing access to everyone around the world. Moreover, with new industries emerging like manufacturing, IT services and customer support, it has created job opportunities in areas lacking such sources. Thus it improves the income sources for everyone around the world. The freelancing market boomed in Bangladesh and Pakistan in 2019. It allowed young students to earn and

gain valuable experiences. This improved the national economy of both the countries. Thus increased employability levels and better income sources are one of the many positives of Globalization.

With Furthermore, globalization has made the world a global innovative hub with on-going technological advancements. All the nations of the world rely on the newest technology for their growth and development. Globalization has provided avenues to share and transfer knowledge, skills and technology from one region of the world to another. No economy is able to survive without incorporating the new technological practices in its national activities. (Chatgpt) and other such AI tools are readily

available to anyone around the world. These books are a way to import and share greater knowledge with us everywhere and is only possible due to improved communication around the world. This also boosts the research in further new technology.

All the economic activities are dependent on the technology. Thus it proves to be one of the many key <sup>aspects</sup> areas that of globalization that impact the economies around the

world and that too positively. Moving forward, there is an increase in the governmental revenues of countries in different regions around world due to improved international trade.

This is another possible aspect of globalization on national economies.

More trade means revenue for

the countries involved. The inflow of dollars in any other improves the treasury levels and improves the economy. More trade also means more opportunities for local community of that country.

The countries with the largest trade and biggest volumes of exchange of goods are the ones with the most growing economy.

India is becoming a global hub of trade and similarly China is investing alot to become the global trade hub in the world.

Both the countries have rapid growing economy. The biggest factor is trade. This trade is only possible due to globalized international trade policies and smooth transfer across borders due to mutual agreements. This globalization is helping to import

The <sup>government</sup> ~~industrial~~ revenues are of countries in the world improving their national economy.

Another benefit of globalization on <sup>national</sup> ~~national~~ <sup>economy</sup> is the readily available and affordable goods. Cheaper products are manufactured and shipped to different countries around the world. Countries with competitive edge in a specific good produce those it and exchange of goods takes place between countries. This allows every country to produce what they are best at and then allow it to be transferred anywhere in the world. The cost of goods is thus not so high and this is a win-win situation for both the producer and the consumer. This is only possible due to advanced

manufacturing technologies, smooth transport routes and open communication between the countries involved. This highly boosts the national economies of all the nations that take part in these arrangements. Thus globalization is playing its positive role in the growth and development of a country and its economy.

Last but not the least, another positive impact of globalization is the mutual agreements on standardized international trade and investment policies. With the increasing reliance, mutual agreements on trade and investment, it is highly reasonable to have standardized regulations. The mutual communication among and discourse has allowed the

major players in the world to  
setup policies that favor the  
local economies around the world

These regulations promote and  
provide better opportunities of  
trade and investment. Thus  
improving the national economies  
of the nations involved. So,  
globalization plays its role  
in (this) → the trade benefits  
to local economies around  
the world.

→ (Moving forward, there are  
many) →

However, there are many  
challenges that are also  
created due to globalization  
and negatively impacts the  
national economies. The very  
first would be the inequality  
between the rich and the  
poor countries. With the



increased globalized activities, and there is a sharp contrast between the poor and rich countries. As the poor countries are slow in their progress and development (the newest technology), the economic gap between the countries is rising very quickly. The poor and underdeveloped countries are stale and very slow in adopting new technologies and the fast growing economic activities. Thus so, they are left behind in the fast, ever-evolving globalized world. All the globalized activities and practices favour the developed and developing nations, leaving the underdeveloping countries far behind in this race of economy. Thus it has created extreme dif global difference in national

Economies around the world

Similarly, the globalization has created a heavy reliance of national economies on the international market. Any changes and fluctuations in the global market impacts the national and local markets. This increases great dependency on the big economic players in the world.

The <sup>poorer</sup> (smaller) countries (suffer) suffer as a majority of the market policies favour the big players and poorer states get suppressed in between. This means that the success of a local economy of a country is reliant on the success in the international market.

Furthermore, the economic downturns and policy changes in the

international market influence the local economies. As they are prone to fluctuations, due to globalization, the local economies are vulnerable to global economic downturns and crises. A change in foreign investment, supply and demand heavily affects the countries that rely a lot on it. They can disrupt the dependences, affect local economy and lead to instability. For example, due to COVID-19, the global oil prices fell which drastically impacted the economies heavily relying on sale of oil through trade. Many other industries like tourism, retail faced severe downturns. Countries heavily relying had to provide monetary support to stabilize their economies. Thus

globalization has made national economies very pure and susceptible to such downturns and fluctuations.

Globalization has also led to the loss of good jobs, due to advanced technologies. Some positions have become obsolete and newer positions have taken their place. Now, the countries who have failed to adopt the new technology, they have lost the old jobs and still facing tremendous problem in entering the global job market due to extreme changes in skills requirements.

This globalization, has created many economic problems for people living in the backward and underdeveloping countries, which in turn impacts the

local economies negatively,

"(The globalization has)"

Furthermore, the many governments around the world are facing losses in revenue due to decreased collection.

(As more and more) liberalization has created another challenge for local economies. As

governments provide tax exemptions to attract MNCs

and foreign investment in the country, there is a

decrease in tax revenue

As poorer countries are unable to sustain in this manner →

their economy destabilizes. As

it is difficult for any country

to grow economically without

the help of international market

it becomes an extreme

challenge for the countries that

are already relying on debt and IMF funding. Giving away tax exemptions further destabilizes the national economy of those countries. Thus globalization plays a negative role in ~~de~~ destabilizing national economies of poor countries.

Moving forward, ~~as~~ there is the easy access to international goods and products due to globalization create great economic costs. As many consumer goods are imported from different parts around the world, the increase in imports of necessary items lead to greater economic costs for the receiving country. As many countries around the world are reliant of some of their

basic necessities of life on the production of goods in a different country. The necessary imports of these goods hit hard on the economies already struggling. The underdeveloping countries like Pakistan are impacted the most due to their practices. Thus it becomes very difficult to stabilize the economy as there is a constant flow of import of consumer goods in the country. Thus both globalization leads to another major challenge for already struggling economies.

Next but not the least, the next another challenge of globalization is the environmental degradation. Due to increased industrial activities.

and consumption of natural resources, the environment is badly getting effected. This leads to greater economic cost. Similarly, (the global climate is imp)<sup>\*</sup> it is leading to extreme climate changes that has severe consequences on all the nations of the world especially the ones most vulnerable to it. These climate changes like (floods, heat waves, tsunamis) in return disrupt the economic activities destabilizing the local economies and imposing great economic costs. Thus globalization and the advanced industrial activities have led to severe impacts on environment and (created (many unique challenge)<sup>\*</sup> led to economic cost, the economy.



In conclusion, there are many positives <sup>impacts</sup> of globalization as well as on national economies as well as many unique challenges. It is both beneficial and detrimental to the national economies around the world. But it is highly essential to create state policies and international regulations that enhance the positive impacts of globalization on the local and national economies in the world.

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