

Globalization And National Economics

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Great depression originated in United States in 1929, but it affected almost every country across the globe. An economic downturn started at national level, caused deflation and unemployment at global level. This depicts importance of national economics in globalization. Globalization is actually process of integration of national economy with world economy. Globalization has increased exchange of goods and services across border. Unification of countries through globalization leads to uplift in national economy of a country.

Globalization is used to describe how trade and technology have made world, a global village. A popular definition of globalization as "time-space compression" by Harvey manifests significance of technological advancements in

feeling more connected to far places in less time. Bringing ailing national economies back to ~~track~~ track is a gigantic task, that can be done well through globalization. **Circulation of capital** around the world is gift of time space compression for such countries.

There are different avenues of globalization, such as, political globalization, cultural globalization, social globalization and ecological globalization. These all avenues are linked to one main avenue which is economic globalization. Ultimate purpose of all types of linkages is mostly **national interest**. In this way, national economy get benefits from all these types of globalization. Pakistan society is critically impacted by cross culture due to globalization.

It brings changes in different aspects of a country in terms of political, social and economic.

National economy is production, distribution, trade and consumption of goods and services by different agents of a nation.

Adam Smith, Father of economy, has defined it as an inquiry into nature and causes of wealth of nations. Adam Smith introduced concept of gross domestic product (**GDP**) as tool to measure national economy of a country. According to him, wealth of nations is built upon industry and economy of individuals. Adam Smith advocated for **laissez faire policies** of non government intervention in global trade. He declared government intervention free trade as key to upgrade national economy.

Between echoes of past prosperity and shadows of present stagnation lies the urgent call for Pakistan's economic resurgence.

GDP growth rate of Pakistan for **FY2022-2023** was **0.29%**. It has risen to **2.4%** for **FY2023-2024**.

But, it is still far away from government set target. Floods in 2022 and corona pandemic in 2020 in Pakistan, have caused decline

in GDP expected growth rates. There are also other factors for economic downfall of Pakistan. One of these

is trade deficit. **Trade deficit** is expansion in imports and contraction in exports. Following values show surge in trade deficit of Pakistan.

It was **\$31 billion** for **FY2020-2021**.

It ~~was~~ extended to **\$44 billion** for **FY2022-2023**.

National economies of some countries genuinely get

benefits from globalization, but majority of developing countries remain marginalized. Trade in South Asia shrank from 19 percent in 1948 to 4 percent in 1950 to 2 percent from 1967 to 1990. Trade can prove to be a game changer for developing countries like Pakistan. Agreements like GATT (General Agreement on Tariffs and Trade) ensures smooth trade by eliminating barriers of tariffs among developing countries. For Pakistan, CPEC will prove to be panacea for its ailments of economy by promoting global trade.

Technology and economy have immensely changed the structure of society. Technology through interconnectedness has created a lot of opportunities for boosting economy of a country. It has also brought changes in frameworks

entrepreneurship and services. Amazon, Alibaba and many others have become major platforms for running online business across the globe. People in search of employment can earn online by providing services to customers around the world through these platforms. These digital collaborations of salesmen and customers are playing key role in improving economic situation of a country.

At a time when tourism has emerged as a major sector of global economy, many nations have invested heavily in the industry to contribute to their GDP and also create employment. For Pakistan, too, tourism has potential to not only bring socioeconomic dividends, but also improve country's ~~good~~ image. Pakistan rank in global

tourism index is 101st out of 119 according to 2024 survey. Besides northern areas, territories of Pakistan have also been bastion of major religions. Buddhist holy places in Gandhara, Kartarpur Sahib and ~~many~~ many other ~~such~~ such holy places, can contribute to Pakistan's GDP.

According to data released by State Bank of Pakistan, foreign direct investment (FDI) inflows during FY 2024 reached \$1.9 billion, up from \$1.62 billion in FY 2023.

This is proof of Pakistan's efforts for attracting foreign investments. Recently, Special Investment Facilitation Council (SIFC) established for this purpose.

This council has been assigned the task of increasing foreign direct investment (FDI) in Pakistan to targeted level of \$5 billion.

After great depression in 1929 and world war II, world was facing ~~disastering~~ economic challenges. People had realized that solution of their economic and other issues is not in war, but in cooperation. It resulted in formation of United Nations, World Bank, International Monetary Fund (IMF) and many other international organizations. These organizations integrated the world and gave them opportunities of reaping economic benefits through mutual cooperation. IMF bailouts prevent defaulting countries from falling by providing them huge loans with little conditionalities.

China is pro globalization country. China Pakistan Economic Corridor (CPEC) shows significance of globalization for china. This trade route will further

increase globalization by providing smooth land and sea routes for trade all over the world.

It will not only contribute to China's economy, but also to GDP of other linked countries in trade. Another case study is of Vietnam in avenue of globalization. Globalization and trade in Vietnam has many positive impacts on its people and poverty. In fact, between 2010 and 2020, poverty in Vietnam decreased from 16.8% to 5%, just because of international trade.

Bangladesh garments workers are creating beautiful garments and exporting it across the world. In this way, a country established even after Pakistan is beyond Pakistan in economy. Reason of Pakistan lagging behind in this sector

is energy crisis. Because of this, Pakistan has exports of raw cotton. No doubt, Pakistan is contributing to globalization but not in way as it should have been in this sector.

Major obstruction mostly developing countries face in globalization are tariffs on trade. Tariffs are not problem for developed nations, but for developing nations, they are really matter of concern. For this problem, Free trade agreement is panacea, if states join it. It is a treaty according to international law to form a free trade area between cooperative states. It has two types, bilateral and Multilateral. Multilateral agreements come in context of globalization and they are more effective than bilateral agreements.

These multilateral agreements are bound to loosen trade restrictions among countries, generally to expand business opportunities at global level. Free trade agreements determine tariffs and duties that countries impose on imports and exports with goal of reducing or eliminating trade barriers, thus encouraging international trade. High tariffs and mutual mistrust have also prevented India and Pakistan from recognizing role of globalization in their relations. Both countries should reduce tariffs and forget past hostilities for reaping benefits of trade.

The world is digital. When will Pakistan catch up? This is only possible through learning digital skills. The potential of digital divideneds in improving

economy, boosting innovation and entrepreneurship and increasing efficiency in online services cannot be overstated. Pakistan must seize this opportunity to embrace a digital future. Such an endeavour requires learning artificial intelligence skills, microsoft skills and other digital skills. Lesson for Pakistan in digital transformation is from its regional counterpart, India. The India government launched Digital India programme in 2015, which aimed to transform India into a digitally empowered society and a knowledge economy.

According to World Tourism Organization of United Nations, Pakistan was named best performing destination for tourism during first nine

months of 2023. This was a significant achievement for Pakistan, as it has been toiling to boost its tourism industry in recent years. Pakistan launched program "Amazing Pakistan" for upgrading Pakistan tourism industry. Pakistan has world second largest mountain K-2. Northern areas of Pakistan are meeting point of Himalayas, Karakoram and Hindu Kush. Their beauty attract tourists across the globe. With little efforts such as advertising these sites with moderate packages, can contribute much to national economy of Pakistan. In addition, gurdawaras and coastal areas of Pakistan are also best sites for tourism and uplifting economy through this sector.

The establishment of army backed special investment

Facilitation Council (SIFC) maintains that the government means business this time and is very seriously pursuing its one point agenda of attracting foreign investment - be it through selling its stake in multi billion dollars gold mining projects like Reko Diq in restive Balochistan province as a routine foreign direct investment. The government needs to improve security by implementing intellectual property laws that protect foreign companies and attract international investors. While there is general awareness relating to trade secrets in Pakistan, there are no specific laws to enforce them. Pakistan is modernising its intellectual property laws in accordance with international

standards, for boosting its national economy.

Globalization is really a blessing for developing countries. It is lifting economy of majority of developing countries out of poverty level. Developing countries that are integrated with world markets have seen their average national economy rise. Those countries open to international trade have achieved double the average annual growth of developing countries that are not. Market driven process of globalization has integrated national economics with economies of other countries. So, overall, it is doing good for all, at economic level. During colonialism, developed countries impose their will on developing nations. But nowadays, developing

nations are connecting themselves with developed countries, with their own will. ~~So~~ Reason behind it is only one, national economics boost. This argument explicits sole of globalization for national economics.