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"Globalization: The End of Austerity"

A. Introduction

B. Globalization results into the end of austerity

1. Globals institutions provide a universal target regarding general welfare of the public that member states abide by.

   Case in Point: UN SDGs

2. Globalization fosters economic incentives like trade that benefit national GDPs.

   Case in Point: Germany export approx. 93% of its goods within EU nations. (EU Reports)

3- Global Financial Institutions (IFIs) provide assistance in times of calamities to maintain social welfare.

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Case in Point: WB-CARES provided $157 Million to lower income countries post-covid (WB Report)

4. Joint Infrastructure projects enable states to attract FDI/produce employment that ends austerity.

Case in Point: Belt and Road Initiative in Pakistan led to development of Gwadar port.

5. Globalization helps countries that are landlocked to counter austerity by seeking help of others.

Case in Point: CARs use ports of Russia or China for energy exports.

6. Adoption of globalised economic policy can help states gain both power and money.

Case in Point: India and IT Sector Exports.

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7- States that spend generously on welfare of its people can achieve export based growth shortly.

Case in Point: Creation of Hsinchu Science Park in Taiwan and its present CHIP Industry.

8- Integrated global supply chains can enhance GDP.

Case in Point: Chinese Fiscal Policy post 1978 reforms led to 40 times GDP growth.

C. Globalization: The End of Austerity - A Misperceived Narrative:

1. Global Institutions create excessive dependency of developing states on them, ~~Structural~~ leading to cuts in domestic spendings.

Case in Point: IMF's SAPs and Pakistani budget cuts on agriculture subsidies.

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2- Stronger states confine local lands under facade of loans and development.

Case in Point: Lease of Hambantota Port of Sri Lanka to China.

C. Conclusion

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"Development is not about cutting costs, it is about enabling people to live with dignity." stated Ajay Banga, the President of World Bank. With the advent of globalized world economies, strict austerity measures blurred leading to social and economic well-being. The complex interdependence of states on one another results in development. History is replete with statistics that show lower GDPs and lesser spending on public health, education and well-being during pre-globalization era. Collective goals enable progress at all levels. Regional organisations alter the economic fate of the region positively. Unforseen situations like pandemics and natural disasters are dealt by international financial Institutions. Various large-scale infrastructure deivelopment projects provide employment

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incentives to the local people which pro benefits both involved parties. International Organizations, Global Banks, Regional forums of cooperation and multilateral projects contribute to the eradication of strict austerity policies which result in collective progress.

Global policies centred on development can benefit all states according to tailored needs. Social evils of poverty, corruption and inequality can be eradicated with an all-inclusive mindset. The United Nations is one such universal organisation that can be termed as master-mind behind global struggle towards betterment. The UN-SDGs, a complex of 17 sustainable futuristic goals allow all countries to join hands in overcoming negative aspects faced by them.

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Various countries operated on self-reliance principles in the past. With the opening of regional trade, progress has made way for them. Regional trade and connectivity opens door for certain economic incentives. Germany provides an exemplary case study. From a country at the bottom, engrossed in ruins after two global wars, now trades 93% of its total exports within the EU, benefitting itself and the region. Collective growth counters all austerity measures.

Every country desires support and economic strength to handle sudden prejudices. It can be a natural phenomena, internal turmoil or pandemic health emergency. Global finance sector provide aid to countries that are unable to handle such calamities on their own. This enables the recipient state to continue with its routine

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spendings. The WB has generously provided $157 Million to low-income countries after the spread of COVID-19. It enabled the health sectors to stay afloat.

Multilateralism is a broad arena of opportunities. Infrastructure development incentives prove to be dual beneficiaries. All the member states can trade-off as per their wishes, and attain either development, attract FDI or grab employment margins for native people. It is such a win-win trade-off. The choice of either curbs austerity. The Chinese Dragon project of BRI has its flagship CPEC in Pakistan. It has built and developed the port city of the latter by China.

Geography does not benefit all states alike but good neighbourly ties definitely do. There are certain unlucky

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countries that are located far from the waters. Instead of managing without resources, globalisation enables them to seek external ties and access trade routes. The Central Asian Republics, better known as CARS are energy-rich and avail ports of their neighbours; China and Russia to trade their energy with the West.

Additionally, adopting a global approach can turn fate of nations. They can not just earn money but also, power and a global say. Broadening horizons with cross-border exchange of goods is a power-tool. The Indian state provides excellent case study. Not until India invested in trading IT goods and personnels did it become a regional hegemon. From Bangalore to Silicon Valley, India IT experts rule the market.

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Globalisation focuses on nation building, to create goods and mindsets that can compete in the International Arena. It is not merely limited to trade. States that focus on growth and excellence in certain department can achieve big in international markets. With the creation of Hsinchu Science Park in Taiwan, the nation turned into one of the largest producers and exporter of CHIP. This has led to improved life standards within Taiwan.

Evolving trends of global markets clearly indicate no prospect of growth for isolationists. States are bound to expand their supply chains in an attempt to increase GDPs. One step, a leap of faith is mandatory to evolve. The Chinese Economic Model took that leap of faith with

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1978 reforms. All that followed was prosperity, market hegemony and enhanced state of Chinese people. The country has witnessed GDP grow 40 times since then.

Conversely, every cloud has a silver lining. Not all domains and tactics of interdependence between states result in progress. Sometimes, the results are opposite, economies fall prey to a vicious debt cycle of boom and burst.

Global Financial Institutions can act as predators that overstep into domestic fiscal management. They trap national economies with complex set of rules to comply. One such monster is the IMF's Structural Adjustment Program (SAPs). These are regularly monitored and personally crafted set of budget-cuts that states have to implement regardless of

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social circumstances. Pakistan with its on-going lending phase has imposed such cuts on subsidy provided to its farmers in the agricultore sector.

Multilateral Cooperation can have drawbacks. Developmental Projects are colonial ideologies wrapped in the context of globalisation. The unending system of loans, leise and debt can be skeptical for host nations. Singapore leising Hambontota port to China due to financial constraints validates this idea.

In a nutshell, cooperation between policy makers, neighbouring states, developed world and their counterparts possesses the potential to eradicate the evils of isolationism in the global markets. It can provide multiple chances

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of progress and growth. The cooperative neighbour enables trade and export sustainence. Investments by governments in targeted sectors eventually lead to prosperity and global recognition in those areas. The expansion of supply chains result in massive GDP growth. It is highly anticipated that the web of reliance shall not just ensure economic prosperity but also eradicate financial divisions globally. In the words of Fareed Zakariya, from wealth aggresses power; this globalized economic interplay can balance power struggles and ensure perpetual peace.