

# "Globalization & National Economics"

## Outline:

Anecdote

"The integration led by Globalization has made our societies creative & prosperous but also vulnerable"  
"Lord Robertson"

Background:

The integration of economies through out the world, sharing of culture, customs, ~~and~~ technology ~~and~~, human labour, and other business techniques is known as Globalization. The Globalization has evolved in the 18<sup>th</sup> century and is still evolving with the passage of time. The present wave of globalization is the third wave that has shaped the culture, economies and businesses of distinct societies.

A small mobile phone which is an important instrument for connecting with your loved one's is a product that is produced through process of globalization.

The clips of mobilephone are made in Taiwan, the body parts are made in Japan, the other accessories in different countries. China makes the battery and all parts are assembled in another country, hence the whole process integrated with services and human labor of various countries produces a small mobilephone device.

The globalization is viewed by scholars with or different views one is the pessimist view which says that globalization has integrated our economies and business and human labour, but it has also created troubles for poor countries and have negatively impacted the progress of these countries. The other view of globalization is the optimist view which says that globalization has integrated our economies and has provided enormous benefits to economies of various countries. Many nations have developed their economies through globalization, including China, Taiwan, Japan, Canada, Switzerland and the

Countries are now considered the developed economies in the world.

Thesis statement

The phenomena of globalization has connected our economies, cultures, identities of various countries, it has also provided with the opportunity to low income countries to get economic and technological and defense deals and agreements. The globalization has also impacted the independent economic policies and raised challenges and inequalities in <sup>financial</sup> markets at regional, national and global level. The globalization has also effects on sovereignty of countries, with regard to defense and economic policies, it has also shared the economic vulnerabilities of various countries with the globalized world.

BP-1 Economic growth through Global integration

- (i) Poverty alleviation
- (ii) Foreign Direct Investment
- (iii) Enhancement in industrialization & Business opportunities

## BP-2 Challenges & Rising inequalities

- (i) Benefits to Competitive Sectors
- (ii) Rust belts (Loss of traditional Manufacturing)
- (iii) Impacts on regional & bilateral trade

## BP-3 Economic Policy & Sovereignty Dilemma.

- (i) Flexible Economic policies
- (ii) Interference of International Organizations
- (iii) Vulnerable Official Business environment

## BP-4 Vulnerability to global economic Shocks

- (i) 2008 Financial Crisis & global economies
- (ii) Commodity price issues impact on Export
- (iii) Impacts of public Services

## BP-5 Handling globalization Impacts

- (i) Follow Successful Economic Models
- (ii) Strategic policies & agreements
- (iii) Realign with potential Financial Markets

## Conclusion:

- i. vulnerability induced policies.
- ii. Short term Business agreements

- iii. Export based national economy
- iv. Focus on bilateral trade with Neighbours
- v. Less dependency on International Creditors
- vi. Work on Industrialization & Export-<sup>increase on</sup>
- vii. Keep nationals integrated with their Customs

Final thought: The globalization has not just connected the world economies but it has also integrated countries with each other cultures traditions and customs. The vulnerability of globalization depends on one's country's economic policies. The negative aspects of globalization can be navigated through implementation of strategic policies and one can reap enormous benefits from the stream of globalization.

Conclusion: The negative impacts of globalization can only be avoided through implementing adequate policies whether it is economy, defence, education, or cultural sharing with distinct nations in the globalized world.

19-1 The successful economies of the world including the South Asian tigers Taiwan, Korea and China have developed their economies by integrating into the flowing stream of globalization, they have taken out their population from abject poverty by connecting their financial markets and business activities with successful economies through strategic policies.

1.1 The globalization allows one country to connect with the other to get mutual benefits in different ways. In present world the signing of various business agreements, sharing of manpower and technological transfer within two countries produces the employment opportunities for poor segments of society and helps in poverty alleviation and revenue generation in both countries.

1.2 The joint business ventures at regional and international level play important role in producing opportunities for inflow of Foreign Direct Investment in

developing countries however. This FDI demands various measures including security assurances, friendly business laws, straight custom and tax policies. FDI is the one of most important component in elevation of country's economy.

63 The successful economy models including that of Singapore, China and Canada and many other developed countries have one thing in common in their economic prowess "the industrialization". The industrialization is an important instrument to built the economy and business mechanism of any country. Industrialization provides employment and enhances business opportunities for nationals and host countries. The absence of industrialization has remained the main cause of poor countries  $\leftarrow$  and  $\rightarrow$  Economic failure and elevation of poverty.

Both the industrialization and employment opportunities are interconnected the more the industrialization the more employment it demands. The globalization and

integration of economies which provide opportunities also brings challenges for one's country.

BP-2

2.1

The potential financial markets have plus point in getting benefits from globalization led business opportunities, the potential markets follow vulnerability induced markets policies, which enable them to connect with host parties and use their labour manpower, their resources to reap financial progress, while there are less competitive sectors in the markets which do not sustain globalization challenges.

The financial sectors in Midwestern

2.2

and South west region have faced poor economic progress due to globalization, the industries and financial markets once in capacity of producing good progress turned into "rust belts" in Europe and lost the traditional manufacturing mechanism on arrival of new automobiles and advanced manufacturing industrial hubs.

~~2.2~~ The Competitive Sectors and middle financial competitors both have important role in trade of one country. The change in raw materials and supply chain imbalances can directly impact the flow of trade and also impact bilateral and regional trade relations.

2.3 The bilateral trade of Pakistan and Afghanistan and Pakistan and India have many times faced embargos in situation of bilateral conflicts. The closure of trade activities results in regional trade imbalances with neighbors and impacts the national economy of both countries, however the poor competitors have to face much economic and business hardship in these type of situations.

The globalization may also have impacts on the economic and sovereignty of one's country.

BP 3 The investments and joint agreements bounds

3.1 Significance to follow the financial framework that is mutually beneficial for both countries

and this demands flexibility of Customs, Trade and Revenue Framework. The strict and hard policies <sup>of one country</sup> do not allow international investors to sign business and trade deals. Last few years Pakistan has faced very low FDI and business investment due to strict customs and revenue policies in the country.

3.2 The trade is an important factor for progress of economy of any country, the integration of <sup>trade at</sup> international and regional level is no doubt the outcome of globalization but it is also impacted by international laws. The World Trade Organization WTO demands low tariff mechanism on bilateral trade, and it also demands trade free mechanism for smooth trade business, however few developing nations can not follow this provision of changing low tariff and free trade mechanism due to national policy framework. The United States blends of imposing high tariffs on imports

3.3

of various <sup>Asian and</sup> European Countries impacted most countries business activities. The trade performance directly affects the growth and production process in industries as raw material and other basic components are procured through trade flow between multiple <sup>trade</sup> partners. The joint investments and production deals including the trade deals among countries also share the negative outcomes with each other.

The Financial Crisis of 2008 in United States impacted the global economies at large however, the real problem was inside the national financial mechanism but the interconnectedness of different countries economy with US\$ and joint business deals divided the 2008 US Financial Crisis beyond the territories of one country.

The <sup>integration of markets</sup> and purchasing of products through international trade deals shares the outcomes with distinct economies in case of any <sup>rise in price of</sup> product in international market the supply chain and export

bears the impacts, Several occasions the rise in commodity price lowers the supply chain and impacts the export flow. The rise in price of chemicals and automobiles have huge impact on one's country economic performance.

4.3 The increase in global markets has directly impacts national financial mechanism and resultantly the country changes its welfare policies and put cuts on subsidies. The poor peoples have to face price hikes and unemployment results in increase of crimes <sup>rates</sup> in societies. The vulnerability <sup>impacts</sup> of international markets also <sup>hit hard</sup> ~~impacts~~ on the other public services including low spendings in health, education and social safety nets.

B.P.5.1 The globalization shocks can easily be handled by pursuing good and successful economic models like that of Singapore, Canada, India, China etc. These countries successfully worked on developing skilled labour and raise their peoples

with technical educations. The technical skills programmes can provide manpower unexpected efficient skills that can contribute in, their lifetime employment opportunities. Capturing the powerful labor can contribute in increase of remittances and industrial upgradation in developing nations.

5.2

The careful and flexible financial and business policies including the national reforms in financial institutions can play important role in pushing benefits from stream of globalization. The short term agreements with neighbouring countries based on mutually agreed laws bypassing WTO and other international strict laws can be of enormous benefit for getting positive outcomes.

5.3

The regional alliances which operate business and economic deals with member states on flexible laws like that of "European Union" ~~and~~ "Free Trade Agreements" and financial markets that better suits one's country's economic and financial laws can show the progress and <sup>produce</sup> growth in rightful

maneuver without impacting the economy.  
and <sup>by avoiding</sup> globalization shocks.

### Conclusion:-

1- The globalization negative impacts like that of US 2008 financial crises and global economic recession however can not completely be avoided but by following sharp and strategic policies their impact can be reduced in to bearable situation.

For this, the fiscal and monetary policy including the custom, tariff and tax components are important which need to be handled carefully.

2- The long business agreements and trade deals are easily impacted by change in international law since through globalization the economic frameworks are mostly in aligned with these laws therefore short term business agreements and trade deals can save country from shocks and international financial crisis.

3 For third world countries the main reason of globalization <sup>negative</sup> impacts is poor economic progress. The economy progress can be made by increasing the export and reducing the <sup>unnecessary</sup> imports items. The imports excess impacts the revenue and growth of industrial sectors, and dependency on other countries brings price hikes and bad outcomes in case of hit financial crisis.

4. Bilateral trade with neighbour is also product of globalization, however the neighbour country has strong bilateral ties and have mutual democratic and defense interests with each other therefore, there is less chance that any crisis at global level will affect the bilateral trade and business activities.

5 The main cause of globalization negative impacts is the dependency of one country on international financial institutions to run their economy. The international financial creditors

have investment of many developed nations hence the change in policy have direct impact on the financial activities of one's country. The international institutions also influence the country's sovereignty in various important matters. It is therefore necessary that country shall not approach international creditors rather it may identify opportunities for generating its own income by following NPM business models.

6- Industrialization has played important role in upgradation of poor economies like that of China, Singapore, Canada, Taiwan Korea. The industrialization is a necessary instrument to raise the economy of country and it provides the opportunities for employment and to increase exports of one's country. The industrialization connect the countries for trade and business ventures again the product of globalization but it saves the country to be in overall international financial crisis -