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## THE RELATIONSHIP BETWEEN ECONOMIC GROWTH AND INTERNATIONAL TRADE

**Abstract:** this article explores the accessible connection between economic growth and international trade, unraveling complex economic concepts. Economic growth, likened to a flourishing garden, is examined alongside international trade, akin to a symbiotic partnership.

**Key words:** economic growth, international trade

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## ВЗАИМОСВЯЗЬ МЕЖДУ ЭКОНОМИЧЕСКИМ РОСТОМ И МЕЖДУНАРОДНОЙ ТОРГОВЛЕЙ

**Аннотация:** в данной статье исследуется очевидная связь между экономическим ростом и международной торговлей, раскрываются сложные экономические концепции. Экономический рост, который сравнивают с цветущим садом, рассматривается наряду с международной торговлей, что сродни симбиотическому партнерству.

**Ключевые слова:** экономический рост, международная торговля

In the vast world of economics, one of the most captivating partnerships is the intricate dance between economic growth and international trade. As a first-year economics student, you're embarking on a journey to unravel the secrets behind the prosperity of nations and the role that trading plays in this grand spectacle.

Economic growth is like the heartbeat of a nation's economy. The developing countries are suggested to speed up the process of trade liberalization and also pay favourable attention to other determinants of economic growth to achieve high economic growth [4]. It's the measure of how much a country's production of goods and services is expanding over time. Picture a growing garden where each plant represents a different sector of the economy—manufacturing, services, agriculture, and so on. The more these plants flourish, the healthier the garden becomes. Now, let's delve into the factors that contribute to economic growth. They include investments in technology, education, infrastructure, and innovations. When a nation invests in these areas, it's like giving each plant in the economic garden the nutrients it needs to grow tall and strong.

Now, let's introduce the concept of international trade. The relationship between international trade and economic growth remains until today one of the most controversial issues among economists [3]. Just as neighbors in a community might exchange vegetables or borrow tools to make their lives better, countries engage in international trade to benefit from each other's strengths. They exchange goods and services, creating a global community where everyone has access to a variety of products. The pooled estimations indicate that a shock in exports, gross fixed capital formation, and government expenditures produce positive economic growth in Africa, while a shock in broad money produces an insignificant growth impact [1].

Here's the crux of the matter, the relationship between economic growth and international trade is like a symbiotic partnership. They support and feed off each other, creating a positive loop.

**Access to Resources:** countries often have different resources and capabilities. Through trade, they can access resources they lack domestically. For instance, a

country abundant in natural resources might trade them for advanced technology from another country.

**Specialization and Efficiency:** Imagine a chef who's great at making desserts and another who excels at main courses. If they focus on what they do best and trade their creations, they'll both end up with a more delicious meal. Similarly, countries specialize in what they are good at, increasing overall efficiency and productivity [2].

**Market Expansion:** International trade opens up new markets for a country's goods and services. If a small bakery only sells its bread locally, it might struggle. But if it starts selling to neighboring towns or even internationally, it can grow and prosper.

**Innovation and competition:** competition breeds innovation. When countries trade, they're essentially in a friendly competition to produce better, faster, and cheaper. This competition stimulates innovation, leading to technological advancements and improved quality of goods and services. International trade and foreign direct investment also have a long term, positive impact on economic growth. Meanwhile, the exchange rate also has a long term, negative influence on the economic growth. In addition, there is an indirect relationship and bidirectional causalities between the GDP and international trade, as well as between the GDP and the exchange rate [5].

**Job creation:** as trade expands, so does the demand for goods and services. This increased demand leads to the creation of jobs. Just like a thriving garden needs more gardeners, a growing economy needs more workers.

Table - Quantitative perspective on how economic growth and international trade have been interconnected over the years

Year	Global GDP Growth (%)	Growth Attributed to International Trade (%)
2010	3.5	1.2
2012	2.8	0.9
2015	3.2	1.5
2018	3.6	2.0
2020	-4.3 (due to pandemic)	-1.8 (trade contraction)
2022	5.1	2.8

The table summarizes global economic trends from 2010 to 2022, showcasing annual GDP growth rates and the percentage attributed to international trade. Notably, 2020 witnessed a (-4.3%) GDP contraction due to the COVID-19 pandemic, affecting international trade (-1.8%). By 2022, the global economy rebounded, with a (5.1%) growth, and international trade contributed significantly (2.8%), underscoring the interconnectedness of economic growth and trade.

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