



[Summary]

International Trade and International Inequality

Subject:	Business Economics
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Summary

Trade assumed importance in economic discussions since classical times. Classical theory explained some static gains from trade. Development economists started emphasising upon the dynamic gains from trade. The dynamic gains from trade have far reaching effects on the developing countries. Rather sometimes they develop faster if they open up trade in certain sectors.

While there may be some disadvantages of trade for countries, and more so for the developing countries; the importance of trade cannot be discounted. Developing countries need greater integration of their macroeconomic policies to reap more advantages of trade.

Some countries have prospered well by adopting trade-led strategies of growth.

It may well be argued that trade increases inequalities among countries. But, trade can actually reduce inequalities if countries allow transfer of technologies, capital and labour. At the same time developing countries must employ the imported technology and capital to enhance their growth process by reducing corruption and by formulating right policies.