

ROLE OF INTERNATIONAL TRADE IN ERADICATING POVERTY

Ms. Madhavi Patkar, Dept. of Law
Rabindranath Tagore University, Bhopal

ABSTRACT

Trade facilitates development and development leads to reduce the poverty so in order facilitates development the ambit of the trade should be enhanced. The enhanced ambit got achieved by lowering down the trade barriers by which the market for the goods and service become highly integrated. But trade all alone is not the end itself. The basic understanding of the lay man is the how trade deliver better for livelihood, how it lead to increase in the income and how it gives greate choice to the people. So with this it can be said that the integration of the market though the trade, plays a great role in the reduction of the poverty. After the trade i.e. market integration, since 90's there is high fall in the graph of the extreme poverty which is around 1 billon.

KEYWORDS: International Trade, Poverty, World Bank.

INTRODUCTION

RELATION BETWEEN TRADE AND POVERTY

The main necessity for the reducing or eliminating poverty is the economic growth. If there is increase in the economic growth it will directly leads to reduce poverty. Opening of trade results rise in every country's GDP, reason behind it is that it allows each and every country to use their own resources so that they can produce by their own, their goods and services more cheaply.[1] Trade also help to eradicate poverty by opening of large no of employment opportunities by creating jobs and also provides direct access of the good produced by the poor to the external market. In this research paper the research will be examine how the efforts being made in order to lower down the trade cost and the integration of the market can pave advantage to the poor people. It provides the way to the poor in order to get mingle within the ambit of integrated

market. There are three key messages are given by the World Trade Organization and the World Bank Group. [2]

The two key messages:

- 1) “A sustained effort to deepen economic integration and further lower trade costs is essential for ending poverty. Strong growth in developing countries will be needed to achieve the end of poverty, and trade is a critical enabler of growth, opening up opportunities for new and better work for the poor”.
- 2) “Lowering tariffs and non-tariff barriers between countries are essential elements of this agenda, but this must form part of a wider approach that recognizes the specific constraints facing the extreme poor — and for many, their disconnection from markets — if they are to benefit from trade”.

FIVE INTER RELATED POLICIES

For implementation of this approach the countries and international community considered three five inter related policy:

1) Lower trade cost for the integrated market: By lowering the trade cost for the goods and services in order to facilitate trade easily, which leads to the growth in the economy of each country as well as the reduction in the poverty.

2) There should be good environment for trade: The openness for the trade and the lowering the trade cost plays a very important role in providing income to the poor. For maximizing the gains to the poor, there should be more polices which includes

“Policies related to human and physical capital, governance and institutions and macroeconomic stability”.

Mainly for making the environment favorable for the trade there is a need of advanced policy framework that leads consultation with the poor people and their need are to be taken care or it can be said that their need will be the target for the same. In order to achieve all these, there is the need of good cooperation amongst all the sectors, better coordination among all the government agencies and fair coordination between all the stalk holders.

3) Handling and mitigating the hazards met by the poor: The poor are exempted from the benefits that are available by the trade or the opportunities created by trade because of the existing risks that are not properly been managed. So these risks should be monitored properly which amounts to the most powerful instrument for the development also results to the improvement in

the condition of the poor in the area in which they are lacking or facing risk.[3]

4) Easy availability of data and policies: There is a wide gap in the mind of the various country about the concept of poverty. So there is the requirement of the good data designs and proper implementation of all the policies which are made for the integration of the market.

IMPACT OF INTERNATIONAL TRADE ON POVERTY

➤ Impact on households and markets

Trade has impacted households and market directly, if there is any kind of fluctuation in the price of the goods and services it directly affect the household and the market.[4]

➤ Impact on wages and employment

With the advancement of the trade there is the abundance increase in the jobs as well as in the wages that benefits the poor. There are large number of the unskilled worker being involved in the employment in the low – income countries that left a significant impact on the poverty. The poor people enjoys the benefits by the employment opportunities being created by the trade. In African countries there is the large supply of the mineral resources which lead to the trade openness which arouses these sectors whereas the impact on wages will hinge on how is nature of the labor market in that particular market and what is the bargaining power of the workers. So it can be concluded that the link between the trade and the jobs are complex. But understanding the importance of the role of the trade in backing to the task for providing more and more jobs.[5]

CONCLUSION

Trade is the most important contribution towards the raise in the economy by eliminating extreme poverty. There are large number of argument in the favor as well as against of the trade but according to the researcher analyzes the trade plays a vital role in eradicating poverty to the larger extend. Like:

Trade open ups the new employment opportunities by creating jobs.

Trade provide way to the poor to external market.

Trade lower down the trade cost for the product which are being produced by the poor.

Trade brought structural change in the economy.

Trade facilitates employment opportunities for the low skilled workers.

For using full potential of the trade it requires two fronts: trade support the global economy and market integration in the developing countries and to provide more approaches for helping poor

in order to which they can cross their constraints and managing all the risk they faced.

The World Bank and WTO playing a strong role for promoting more trade which will helps to eradicates the poverty but on the other hand there should be more trade policies which will deliver a greatest possible benefit to the poor and helps to extract poverty from its roots.

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