

# Why do economies grow research paper

[Economics](#), [Trade](#)



## **Abstract**

Economies grow owing to the need of every nation to maintain progress and improvement in the quality of life of its people. The economic implication to the political stability and the alleviation of poverty is high and the growth of the economy can affect other economic indicators that are essentially the important determinants of a nation's progress. There are many factors that can influence economic growth such as technological advancements but there are also possible positive and negative benefits that can be derived from this. This paper will introduce why every nation needs to sustain economic growth and how technology plays a significant role in achieving economic progress.

Economic growth may be defined as the total output of income that brings change and innovation, bringing better capacity of producing goods and services from a country's economy. The term economic growth is often associated with the introduction of modern technology that help boost the ability of a country to deliver better production and efficiency in services that directly affects the quality of life of the country's citizens. Aaron Schavey, a Center for International Trade and Economics policy analyst, noted in his article that before a country could alleviate poverty, a country must first work to improve its economy (Schavey, 2001).

It is the desire of every country to improve the status of its citizens and to strengthen its economic ties with more economically powerful countries in order to make its economy become more progressive. Every government usually resorted in improving its trade policy and in attracting more foreign investments in their country as a step towards economic growth. There are

empirical evidences that point out that bringing a more open economic policies help to develop the convergence of rich and poor countries that helps the smaller country find a progressive growth of their economy (Oosterbaan, Steveninck and Windt, 2000).

It is worth noting that technology plays a significant role why an economy grows. Some academicians often refer to technological advancements as the prime mover of economic growth. As cited by Sengupta (2011), the modern approach to economic growth is the use of key elements that involve the improvement of the microcomputer industry and telecommunications, globalization of business that expands the extent of inter-country trade and business and the diffusion of knowledge globally through the internet.

Technological leaders in the world such as the countries of Taiwan, Hong Kong, South Korea and Japan advocate the competitive openness in their trade industry as a medium of promoting economic growth.

The rate of economic growth can affect the other economic indicators such as the business cycles involving the market oriented economic experience, the gross domestic product of a country, consumer price index, product price index and employment rate as among many others. The better the economic performance of a country the more efficient it is to implement a more progressive economy, political stability and in building a more unified nation towards the improvement of employment rate and introduction of technological advancements that will improve the country's economic trade and industry. Economic growth is needed for a more sustainable economic status that could uplift the quality of life of the people and maintain a healthy business and trade cycles within and outside a country.

Economic growth equates to economic progress and thus is considered to be desirable. Growth in the economy introduces vitality and innovation in technology . With economic growth, for instance, people are able to earn higher wages that encourages affordable spending that helps the local retail business and drives a better tax revenue collection that helps support public utilities and services. Technology such as the internet hastens the business interaction from one country to another thereby strengthening the ability to exchange knowledge and information as well as creating employment opportunity. Economic growth on a different perspective however often introduce some negative implications for the environment. Greenwood and Holt (2010) for instance raised the issue that economic growth induces the production of higher level of carbon dioxide and other environmental issues that warrant the implementation of sustainable development plan towards a desirable and sustainable growth of the economy while preserving a healthy environment.

It can be concluded therefore that economic growth is the basic core in economic progress. It is the measure on how a country could elevate the quality of life of its people and to introduce a healthy business cycle while embracing globalization of trade and business among nations through the use of modern and innovative technology. While economic growth is sustainable and advantageous it is necessary to keep track of the negative implications brought by technological improvements which can be addressed through sustainable governmental policies that would balance the health of economy and the ecology at the same time.

## References

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