

Q-3 Modern Theory of International Trade

There is a strong presumption that any exchange that is a purely undertaken will benefit both parties, but that does not exclude the possibility that it may be harmful to others. Researchers have found research and development expenditure, patents issued, and the availability of skilled labour, to be indicators of the technological leadership that enables some countries to produce a flow, to be indicators of the technological innovativeness and have found that technology leaders tend to export hi-tech products to other and receive imports of more standard product from them.

* Characteristics of International Trade →

(1) Separation of Buyers and Producers:

In inland trade producers and buyers are from the same country but the foreign trade they belong to different countries.

(2) Foreign Currency → Foreign trade involves payments in foreign currency.

(3) Restrictions →

Imports and exports involves a number of restrictions but by different countries.