

The Journal of
**INTERNATIONAL TRADE &
ECONOMIC DEVELOPMENT**

VOLUME 20 NUMBER 6 DECEMBER 2011

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2011



0963-8199(2011)20:6;1-3



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direct economical advantage of foreign trade™. Therefore, international trade by enabling better and more efficient utilisation of the resources of a country increases its real national income and hence has a growth-promoting effect. Beneficial Effect # 2. Widening of Market and Raising Productivity: It is argued that the productivity gains arising out of extension of market is a consequence of foreign trade. Similarly Prof. Hicks opines, "Foreign trade accelerates the rate of economic development of underdeveloped countries. They get opportunities for improved techniques. There is expansion in the size of market. Economics New Ways of Thinking 2006. International Trade and Economic Development. Economics New Ways of Thinking 2006. Roger Arnold. Chapter 15. International Trade and Economic Development. Educators. Section 1. International Trade. Select Section 15.1: International Trade 15.2: Trade Restrictions 15.3: The Exchange Rate 15.4: Economic Development. Problem 1. Define: a. exports b. imports c. balance of trade d. absolute advantage e. comparative advantage f. specialize. Check back soon! Problem 2. Suppose the United States can produce either 90 apples and 20 oranges or 80 apples and 30 orange Presentation on theme: "International Trade and Economic Development" Presentation transcript: 1 International Trade and Economic Development Chapter 15. 2 CHAPTER 15: SECTION 1 International Trade Why Do People in Different Countries Trade with Each Other? Individuals trade to make themselves better off. 21 International Economic Integration Economic integration is the combining of nations to form either a common market or a free trade area. In a common market, member nations trade without restrictions, and all share the same trade barriers with the outside world. A major common market is the European Union (EU), which consists of 25 countries.