

# [Ii. of scale, and so on. ii. resource](https://assignbuster.com/ii-of-scale-and-so-on-ii-resource/)

ii. Policy measures with their impact upon the sharing of gains between trading countries (such as tariffs, export promotion, and so on).

#### (b) Forms:

The forms of gains can also be many including. i.

Availability of hitherto non-available and non-producible goods, and ii. Higher levels of consumption and utility. Alternatively, sources and forms of gains from trade may be broadly listed in several alternative ways including the following: i.

Cost Reduction: This means saving in resource cost per unit of output, i. e. improved efficiency of productive resources. This may be due to such reasons as their specialisation and reallocation, technological advancement, economies of scale, and so on. ii. Resource Augmentation: Such as, (i) discovery and exploitation of additional resources (like mineral deposits) and their uses; (ii) accumulation of capital; development of human skills, creation of growth-oriented institutions, adoption of better work ethos and congenial work atmosphere, growth-oriented labour and social policies, and the like; (iii) availability of goods which a country cannot produce by itself, but which are otherwise essential for economic growth, such as certain raw materials, machinery and equipment, and energy, etc.

; and (iv) inflow of capital, technology and skilled labour from abroad. i. Use of Resources, that is, increased employment of productive resources already in use; providing employment to hitherto unemployed resources. ii. Restructuring of Activities, that is, development of growth-promoting sectors of the economy such is the financial system and export sector. iii. Urge to Grow, that is, creation of an urge to grow resulting in the development of entrepreneurship; better management, research and development, and work ethos, etc.

iii. Consumption Standards: As indicated by availability of larger quantities and greater variety of goods and services, and improvement in their quality as also availability of such goods which a country cannot produce by itself. It should be noted that gains from trade result from an ongoing process of adjustment and dynamism of an economy. Accordingly, long term gains tend to differ from the short term ones.