THEORIES OF INTERANATIONAL TRADE

Multiple Choice Questions

1. **Zero sum game theory applies**

a. Mercantilism

b. Absolute cost advantage theory

c. Factor equalization theorem

d. New Trade theory

2. **The concept of opportunity cost is employed under**

a. Modern theory of trade

b. Factor equalization theorem

c. Comparative cost advantage theory

d. Absolute cost advantage theory

3 Countries with abundant of capital should focus on

a. Labour intensive goods

b. Caital intensive goods

c. Distribute between labour and capital intensive goods

d. Importing more machinery

4. **Economies of scale and net work effects resulting in exports of goods is related to**

a. New Trade theory

b. Factor equalization theorem

c. Comparative cost advantage theory

d. The Heckscher-Ohlin theory

5. **First mover advantage** theory is related to

a. Absolute advantage theory

b. Comparative cost advantage theory.

c. New trade theory

d. Modern theory of trade

6. **Which theory considers bullion as a part of the international trade**

a. Modern theory of trade

b. Factor equalization theorem

c. Comparative cost advantage theory

d. Mercantilism

7. **Prices of output of goods and prices of factors are equalized under**

a. Modern theory of international trade

b. Factor Equalization theorem

c. New trade theory

d. Absolute cost advantage theory

8. **Factor abundance is considered to be part of international trade**

a. Heckscher Ohlin theory of international trade

b. Comparative cost advantage theory

c. New Trade theory

d. Factor Equalization theorem

9.**If goods are exchanged with the in the country then it is called**

a. Internal trade

b. Modern theory of trade

c. New trade theory

d. International trade

10. **Money cost is considered by**

a. Modern theory of trade

b. Comparative cost advantage

c. New Trade theory

d. Factor equalization theorem

1. a	2. c	3. b	4. a	5. c	6. d	7. b	8. a	9. a	10. a