

## **OBJECTIVE**

- (1) To study the impact of changes in factor endowments, tastes, transport costs, technology, etc. on international trade.
- (2) When there are changes in factor endowments of a country, given no change in technology, they bring about changes in output, volume of trade, income, employment, terms of trade and gains from trade between the two trading countries.
- (3) To understand the changes in national income due to changes in factor endowments.
- (4) To understand how change in tastes alters the volume of trade and terms of trade.
- (5) Differing demand pressures may lead to differences in price ratios in the two countries