① Terms of trade :-

Gains from trade depend on term of trade.

Gross Barter term of trade → Taussing 1927

$G = \frac{Mq}{Xq} \times 100$, $Mq$ → import quantity Index | 100 → to remove
$Xq$ → export- " " | decimals.

concept is how many units of imports for single unit of export.
concept is used in offer curve, comparative advantage theory.

Net Bartar or Commodity terms of trade :-

$N = \frac{Xp}{Mp} \times 100$ $Xp$ → Price Index of Export
$Mp$ — price Index of Import.

} Value of one unit of export as % (percentage) of import unit's value

Commodity term of trade is most commonly used term of trade. It doesn't take into account change in volumes of export earning or import spending. Haberler says that we must not maximise or minimise price, but rather optimise them with reference to demand and supply elasticities and should not jump over welfare implication without caring about them.

Income term of trade :

G.S. Dorrance (1948-49).

$I = N \cdot Xq = \frac{Xp}{Mp} \times Xq = \frac{\text{Values of Export earning}}{\text{import quantity}}$.

Export Earning per unit of import or capacity to import.

Eric tells that country can obtain a larger amount of imports by the sale of it import.

## Single factorial term of trade –

Jacob Viner - 1937

$S = N.X_Z$ · $X_Z$ - stand for the export productivity index. Consider productivity of the export sector.

If productivity index and commodity term of trade i.e N or $\frac{X_P}{M_P} \times 100$ moves in opposite direction that means single factorial term of trade to be constant and gains and losses of the productivity increased or decreased export sector to be entertained by the consumers at abroad.

New Economic Order enunciated by UN in 1974

## Double factorial term of trade → Jacob Viner (48-49)

$D = N. \frac{X_Z}{M_Z}$ $M_Z$ = import productivity index.

## Real Cost term of trade :-

$R = N. \frac{X_Z}{X_R}$ $X_R$ = Real Cost productivity index for export.

## Utility term of trade

D. H. Robertson called true term of trade

$U = N. \frac{X_Z}{X_R} . \frac{1}{U_m}$ $U_m$ → Relative desirability of import because the consumption is reduced of the resources gone in production of export.