

DEVELOPMENT OF TRADE AND COMMERCIAL THEORIES

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Development of trade can be traced back to antiquity, which is accompanied by negative judgment on it. In the early Middle Ages, the teachings of St. Thomas Aquinas show the view that intra-town trade is unnecessary and condemnable, but considers it indispensable and desirable among cities and countries. In fact, he was the first to formulate international trade benefits for the participants. In the course of trade development, the marketing approach has become increasingly appreciated because the consumer and its needs play a central role. In a rapidly changing and developing world, consumers are increasingly conscious so the traditional trading techniques often fail to reach the trader's expected impact. The benefits of international trade are being studied by several theories, but each theory agrees that countries can make better use of their resources through exports, and import goods expand their internal supply. Thus, if products are free to flow, participation in international division of labour may lead to increase in prosperity. Benefits for the business community are the goal of achieving benefits that can be leveraged to direct and indirect benefits. Direct benefits can be divided into absolute and comparative advantages that explain their differences in the international level of natural and economic conditions [2].

Table 1 shows the comparison of the most significant commercial theories based on what the theories focus on. We are looking for the answers to the questions in the headline. The dash indicates that the theory does not address the issue.

Table 1- Comparison of major international trade theories [1, 2]

Theory	Description of Natural Trade			Prescription of Trade Relationships			
	How much is traded?	What products are traded?	With whom does trade take place?	Should government control trade?	How much should be traded?	What products should be traded?	With whom should trade take place?
Mercantilism	-	-	-	yes	✓	✓	✓
Neomercantilism	-	-	-	yes	✓	-	-
Absolute advantage	-	✓	-	no	-	✓	-
Comparative advantage	-	✓	-	no	-	✓	-
Country size	✓	✓	-	-	-	-	-
Factor proportion	-	✓	✓	-	-	-	-
Country similarity	-	✓	✓	-	-	-	-
Product life cycle (PLC)	-	✓	✓	-	-	-	-
Diamond of national advantage	-	✓	-	-	-	-	-

References

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