



# CAPITA SELECTA

1. Consider the classical model of Ricardo, with countries A and B. The labour requirements (in hours worked) to produce one unit of product S (respectively T) are given in the table below. Suppose that 40,000 hours of labour are available in country A.

(max. output per worker)	Country A	Country B
Product S	10	12
Product T	5	20

Derive a bordered Ricardian Technology Table and determine the comparative advantage of country A via opportunity costs and relative cost efficiency. Explain firstly the meaning of opportunity costs and relative cost efficiency intuitively (not just the formula!). Which country has an absolute advantage?

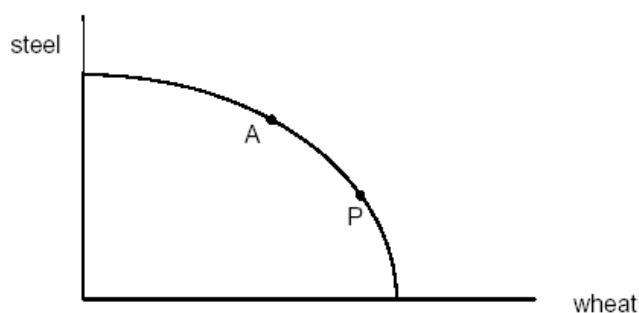
2. Country A and B have the following units of labor. Calculate a Country-wide Ricardian Technology Table and describe the difference and similarities in opportunity costs and relative cost efficiency between a country-wide and normal Ricardian technology table. How does it influence the comparative advantage and why?

	Units of labor
Country A	40000
Country B	60000

3. Point A in the figure below represents the equilibrium under autarky for one of two countries in a Heckscher-Ohlin model and point P represents the production of steel and wheat under freetrade.

Statement: This country has a comparative advantage in steel.

Is this statement true or false?



4. One of the assumptions in the Heckscher-Ohlin model is that the technology sets available to each country are identical. Describe, in this respect, the differences between the Heckscher-Ohlin model and the trade model of Ricardo.

Capita Selecta staat voor professionele studieondersteuning. Sinds 1994 bieden wij tentamencursussen aan waarmee je binnen korte tijd klaargestoomd wordt voor je tentamen. Dit doen we voor de studies Rechten, Economie, Bedrijfskunde, Psychologie, IB/IO en IB&M. Struikelvak? Te weinig tijd om te studeren? Punten halen? Kijk dan eens op

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Hier vind je ook de antwoorden en andere oefenstof