Assignment 3

The due date for submitting this assignment has passed. Do not panic; we have not marked this assignment.

1. Which is not correct?
   - Product-elasticity theory - Veeners
   - Nested Comparative Advantage - Robinson
   - Gravity model - Trefler
   - Factor Endowment Model - Heckscher-Ohlin
   - The answer is incorrect.
   
2. Accepted Answer: Nested Comparative Advantage - Robinson
   
3. International trade will ______ the price of a nation’s abundant resources and ______ the price of a nation’s scarce resources.
   - increase, increase
   - decrease, decrease
   - increase, decrease
   - decrease, increase
   - The answer is incorrect.
   
4. Accepted Answer: increase, decrease
   
5. Which of the assumptions of Heckscher-Ohlin trade model is incorrect?
   - Two nations, two goods, two factors of production
   - Good/bad returns tend to equalize for good in both nations
   - Inefficient specialization in production is not efficient
   - Perfect factor mobility within each nation, but not between nations
   - All of the above
   - The answer is incorrect.
   
6. Accepted Answer: All of the above
   
7. If a nation has a relative abundance of capital, then it will ______
   - produce relatively more goods
   - increase the ratio of capital to labor
   - The answer is incorrect.
   
8. Accepted Answer: increase the ratio of capital to labor
   
9. The economists who rigorously proved the factor-price equalization theorem were
   - David Ricardo
   - Malthusian
   - Paul Samuelson
   - The answer is incorrect.
   
10. Accepted Answer: Paul Samuelson
    
11. According to the H-O model, international trade will ______
    - reduce differences in per capita incomes
    - increase differences in per capita incomes
    - lead to complete specialization
    - increase or reduce international differences in per capita incomes
    - The answer is incorrect.
    
12. Accepted Answer: increase differences in per capita incomes
    
13. This Law of comparative advantage refers to the empirical finding that LDCs
    - import manufactured goods
    - export primary products
    - are more efficient than exporters
    - are not more efficient than exporters
    - The answer is incorrect.
    
14. Accepted Answer: are more efficient than exporters
    
15. Which trade model addresses the short-run analysis of factor mobility and their distribution in income?
    - Heckscher-Ohlin
    - Gravity
    - David Ricardo
    - The answer is incorrect.
    
16. Accepted Answer: Gravity
    
17. If the world has free trade under increasing costs
    - both nations will gain
    - neither nation will gain
    - both nations will lose
    - both nations will gain
    - The answer is incorrect.
    
18. Accepted Answer: both nations will gain