



TENTAMEN / EXAMINATION



8164617

Fylls i av **student** / To be completed by the **student**

| | | | |
|--|---------------------|---|---------|
| Skriv anonymiseringskoden på samtliga svarsblad / Write your anonymity code on each sheet | | Anonymiseringskod / Anonymity code | |
| | | N E G A 1 0 - 6 0 3 8 - L B T | |
| Provbenämning / Exam name | | | Oanmald |
| Mikroekonomi och internationell handel | | | |
| Kurskod / Course code | Provkod / Exam code | Tentamensdatum / Examination date | |
| N E G A 1 0 | 2 0 0 0 | 2 0 1 8 - 1 1 - 0 1 | |
| Jag har tagit del av regler som gäller i tentamenssalen / I have read the current exam hall rules | | Antal inlämnade blad / Number of sheets | |
| <input checked="" type="checkbox"/> Ja / Yes | | 0 7 | |

Fylls i av **skrivvakt** / To be completed by the **invigilator**

| | | |
|--|--|---|
| Kontroll av legitimation / Identification checked | <input checked="" type="checkbox"/> Ja / Yes | Härmed intygas att ovanstående kontroller utförts / This is to certify that the above mentioned checks have been carried out |
| Kontroll av inlämnade blad / Answer sheets checked | <input checked="" type="checkbox"/> Ja / Yes | |
| Inlämningstid / Time of submission | 1 5 : 1 0 | Tydlig sign. / Signature |

Fylls i av **lärare** / To be completed by the **examiner**

| | | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|--|----|----|----|----|---|
| Bedömning av uppgifter / Questions attempted | | | | | | | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | ~ |
| $\frac{1}{3}$ | $\frac{2}{3}$ | $\frac{1}{3}$ | $\frac{5}{6}$ | $\frac{1}{3}$ | | | | | | |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | ~ |
| | | | | | | | | | | |
| 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | ~ |
| | | | | | | | | | | |
| Totalt antal poäng / Total points | | | | | Examin. lärare / Kursansvarig signatur / Signature of the examiner | | | | | |
| 2,5 | | | | | | | | | | |
| Betyg / Grade | | | | | Namnförtydligande / Clarification of the signature | | | | | |
| VG | | | | | | | | | | |

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Försättsbladet ska alltid lämnas in även om ingen uppgift behandlats /
Examination should always be submitted even if no questions are answered



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Nega10 - 0038 - LBT

Löpande sidnr
Consecutive no:

1

Uppgift nr /
Question no:

Poäng / Points
awarded:

Lärarens
anteckning
Examiner's remarks:

① Neighboring countries tend to trade extensively with each other because of several different reasons.

The first and maybe most obvious reason is the distance to each other which makes them have low transportation costs.

The second reason for why neighboring countries tend to trade extensively to each other is because of similarities in preferences, cultural and standards of products. Take Sweden, Denmark and Norway for example. We all are very similar to each other when it comes to preferences and cultures. And we mostly have the same standards on our goods.

The third reason is because organizations like EU. Who makes it easier and have rules on both how we should trade and also standards on products. No tariffs for example.

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Häftområde

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Negul0-0038-LBT

Löpande sidnr
Consecutive no:

2

Uppgift nr /
Question no:
2

Poäng / Points
awarded:

Lärarens
anteckning
Examiner's remarks:

② The main difference between the Classical model and the H-O model is that the H-O model also puts in Capital in "the equation". But there is also a difference in how you decide on what to export. Due to the classical model you will or should export the good which you have the best comparative advantage in.

In the H-O model on the other hand says that a country will export the good which they have the best input in. For example a country Rich of capital will export mainly Capital abundant goods and a country Rich of labor will export labor abundant goods. The Classical model is what its called, classical. Therefore they only take labor and wage cost in the equation but lets say trains and socks. A train costs way more to produce than a pair of socks. →



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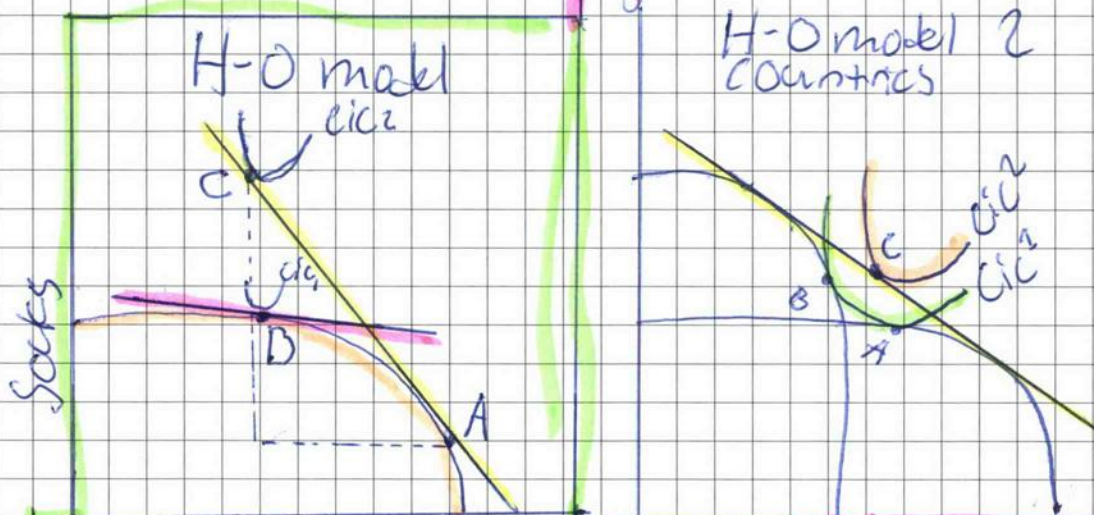
② I now tend to show the difference of the H-O model and the Classical model in a diagram.

Uppgift nr /
 Question no:

2

Poäng / Points
 awarded:

Lärarens
 anteckning
 Examiner's remarks:



TRAINS

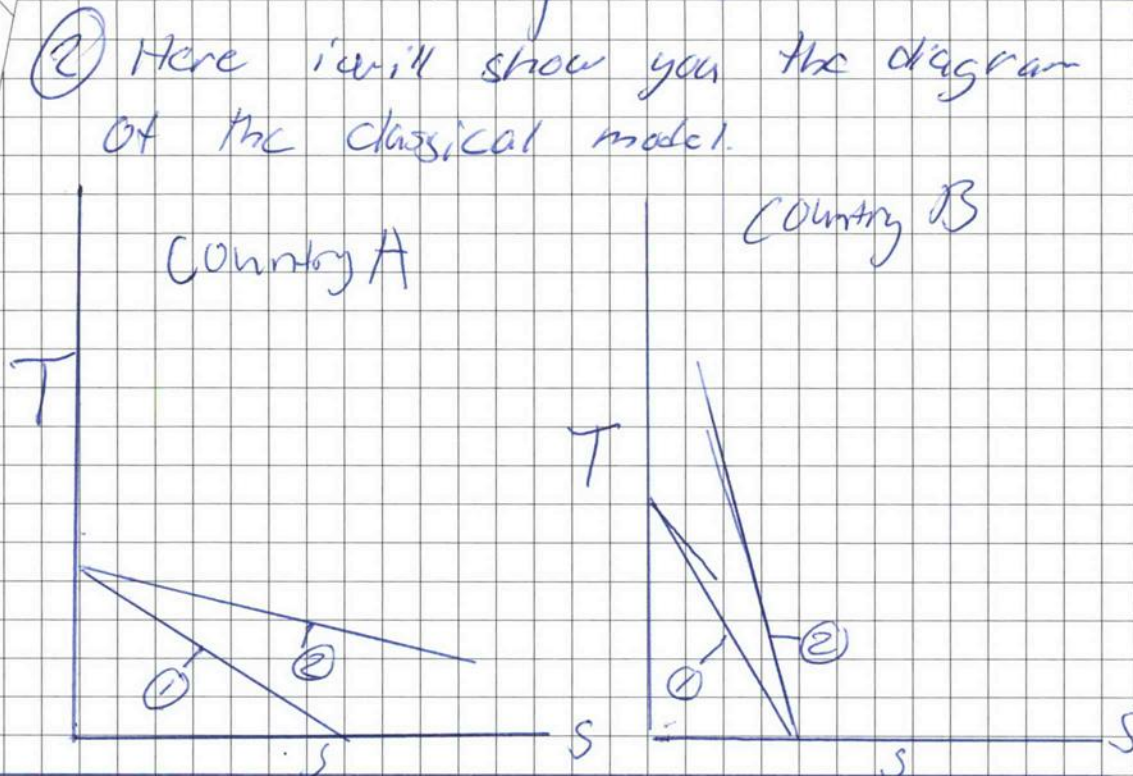
B = is the point we get if our country choose an arbitrary way. Somewhere in the middle.

A = is the production if our country choose to trade due the H-O model.

C = is the point were our new CIC & CUC will be when we choose to trade with another country.

Oh this one we can see A and B with are the same as A and B on the single diagram arbitrary EQ.

But with any trade on the point C we can see a higher CIC -curve and C is also the new trade-equilibrium.



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We can see that country A is clearly better on producing good S and country B is clearly better at producing good T therefore country A should only produce good S and country B only produce good T. Then we get alot of goods ~~for~~ of them both in the cheapest possible way instead of both countries would produce both the goods on a small quantity.

The classical model would still fit in a market of a good that is very labor abundant, but i think its a little to less to compare if you have a good that is very capital abundant.



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Uppgift nr /
Question no:

3

Poäng / Points
awarded:

Lärarens
anteckning
Examiner's remarks:

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③ Leontits findings were considered to be paradoxical because it stated that the H-O model wasn't true. Because Leontits paradox looks at USA at the time (some were in the 80's or 70's) and sees that USA is at the time the most Capital Rich country in the world but still have more export in labor abundant goods. That's the opposite of the H-O model. But you can solve Leontits paradox with several different theories including the human skills theory and the product life cycle theory. For example the human skill theory solves Leontits paradox by saying that there is a huge difference between labor and labor depending on which skills, education and knowledge the worker has. There is skilled labor where you have to be an engineer to work and unskilled where you just need to press a button to work.

Häftområde

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Löpande sidnr
Consecutive no:

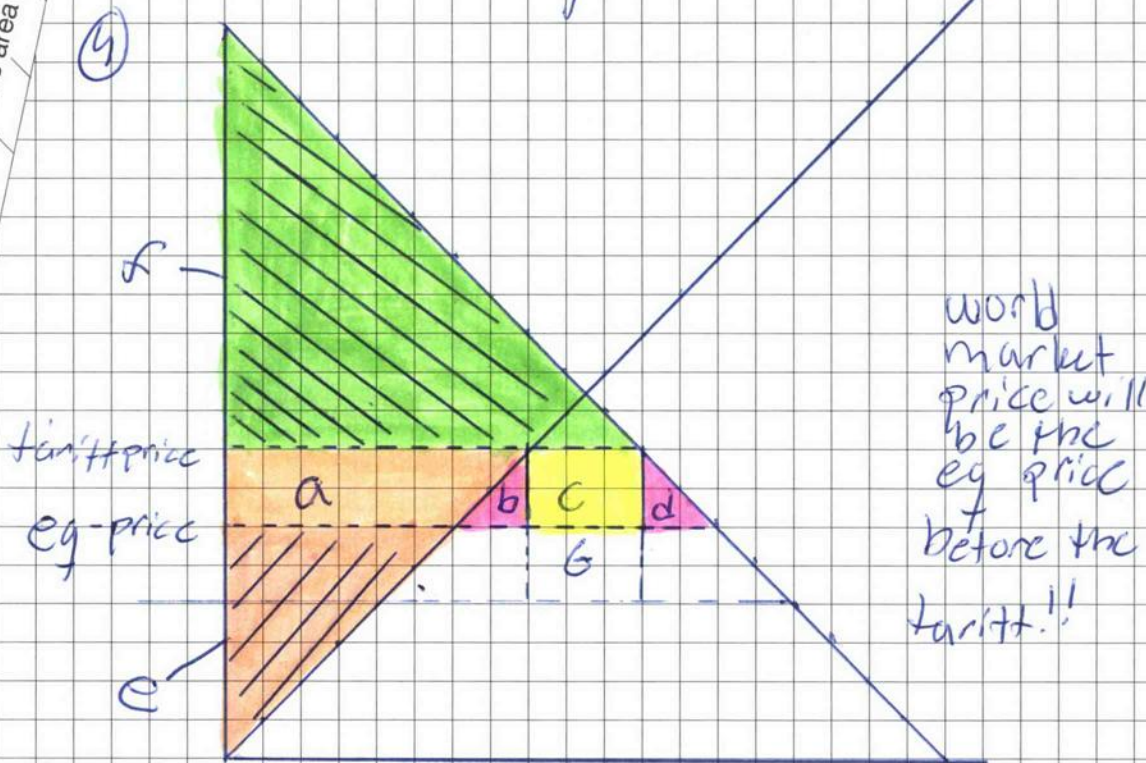
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Uppgift nr /
Question no:

4

Poäng / Points
awarded:

Lärarens
anteckning
Examiner's remarks:



Producer surplus = producer surplus goes from having e to gain a so after tariff producer surplus would be $e + a = eq$
 Consumer surplus = Consumer surplus goes from having $a + b + c + d + f$ to just having f left, so $a + b + c + d + f - a + b + c + d = f$
 Government Revenue = Government Revenue would be c after the tariff, from the beginning b and now $b + c$.

Dead weight losses = you can divide this in to two. Consumption DWL and Production DWL. The consumption DWL will be d and the production DWL will be b . And the DWL in total will be b and d , so total DWL = $b + d$. DWL = bd .

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Löpande sidnr
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Uppgift nr /
Question no:

5

Poäng / Points
awarded:

Lärarens
anteckning
Examiner's remarks:

⑤ The optimum tariff can be a valid argument for protection if you are a very big country that is very self sufficient. Because what many people miss out on when they argue about tariffs is that you are hurting your relationships with other countries. A fun rule can be if you put a tariff on someone else's export they will put a tariff on your exports. They can also put a higher price for you on ex basic and raw materials like oil and steel for example.

But the domestic producers and the government earn from it the consumers and the consumption takes "the big hit". They get higher prices, less choice from and an overall lower GNP-growth. It's wrong due my personal account due to I always think it's the small men who's most important but as I said before it can work with a large country like USA or Russia and never in a country like Sweden or Schweiz who doesn't have own oil or just such a simple thing as coffee.

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Häftområde

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