Domanda **1**

Risposta non ancora data

Punteggio max.: 1,00

Let us consider the Brander and Krugman (1983) model with imperfect competition. In country *H*, in a given sector with homogeneous final output, there are two firms: one is domestic and the other is foreign. The marginal cost for production in country *H* of the domestic firm is *c*, while the marginal cost for production of the foreign firm is c/τ, where the parameter $\tau < 1$ represents freeness of trade, which is inversely related to the level of trade barriers (transport costs, tariffs, etc.). Let us also recall that, when the domestic firm has market power, the profit maximizing price is *p*, being equal to

$p = \sigma c/(\sigma - s)$

where σ is the market demand elasticity, and *s* is the market share of the domestic firm in country *H*.

i) When there is autarchy there are no competitors for the domestic firm in market *H*. What is the autarchy price, p_A, that she charges in this case?

ii) Write the expression of the price, p^*, charged by the foreign firm in *H*, as a function of σ, *s*, *c*, τ, when trade is allowed.

iii) Since we are dealing with a homogeneous good, in equilibrium, when there is trade, it has to be that $p_T = p = p^*$, where p_T is the equilibrium price when there is trade. Starting from this condition, write the analytic expression of the market share, *s*, held by the domestic firm. Write also the analytic expression of the equilibrium price p_T as a function of the exogenous parameters σ, *c*, and τ only (the variable *s* is endogenous and disappears).

iv) Derive the analytic condition that has to be satisfied by the freeness of trade parameter, τ, in order to have trade; that is, derive the analytic condition that allows the foreign firm's market share to be positive in country *H*. Why does this condition depend on the parameter σ of market demand elasticity?

v) Compare the equilibrium price in *H* under autarchy, p_A, and the equilibrium price under trade, p_T. What price is the largest? Why?

FOR STUDENTS TIP 1: Please write as many intermediate derivations as possible in the Response box.

FOR STUDENTS TIP 2: You can copy and paste greek and other symbols from the text above to speed up answering.

Domanda **2**

Risposta non ancora data

Punteggio max.: 1,00

Let us consider the following model with increasing returns to scale, where each firm has limited market power, product differentiation is limited and the market share is equal to $s<1$ (**defragmentation** effect).

In country *H*, in a given sector, in autarchy, there are *n* firms that produce the final good employing only labor, whose total supply is equal to *L*. The wage of workers is normalized to 1. The total cost function to produce *q* units of the final good is $TC = f + c \cdot q$.

i) Derive the total labor demand in country *H* and write the full employment condition in the labor market.

ii) Derive the profit function π of a firm and write the free entry/exit condition.

The equilibrium price charged by each firm is $p = \sigma nc / (\sigma n-1)$.

iii) Write the operating margin of a firm.

iv) Determine the equilibrium number of firms n_A in autarchy in country *H*, and carefully discuss the role of each exogenous variable.

Let us assume now that country *H* becomes perfectly integrated with country *F*, which is equal to country *H* in all aspects. The total labor force in the integrated economy is now $2L$.

v) Determine the equilibrium number of firms n_T in the integrated economy and compare it with n_A. The number n_T is larger or smaller than $2n_A$? Discuss these results from an economic point of view.

FOR STUDENTS TIP 1: Please write as many intermediate derivations as possible in the Response box.

FOR STUDENTS TIP 2: You can copy and paste greek and other symbols from the text above to speed up answering.

Domanda **3**

Risposta non ancora data

Punteggio max.: 1,00

Consider the horizontal FDI model. There are two markets, each with a demand level equal to *E*. The firm faces two options. The first entails staying as a national enterprise (*NE*), and so carrying out production in a single plant with a fixed cost *F*, a marginal cost *c*, and a transport cost *t* to reach the foreign market. The second entails becoming a multinational enterprise (*MNE*), with headquarters cost *H*, and so carrying out production in two separate plants, each with fixed cost *F* and marginal cost *c*.

i) Write the profit function for the multinational and national organizational forms, respectively.

ii) Compute the profit differential $\Pi^{MNE} - \Pi^{NE}$ and discuss the conditions under which this profit differential is larger, equal or smaller than zero.

iii) Compute analytically the level of foreign demand, E^* , below which it is convenient to stay national.

iv) Provide an assessment of the impact of **trade liberalization** (lower *t*) on the likelihood of being *MNE*. Give the economic intuition explaining the effect of trade liberalization.

v) Say why this model is said to formalize the trade-off between proximity and concentration.

FOR STUDENTS TIP 1: Please provide as many intermediate derivations as possible in the Response box.

FOR STUDENTS TIP 2: You can copy and paste Greek and other symbols from the text above to speed up answering.

Domanda **4**

Risposta non ancora data

Punteggio max.: 1,00

Consider the vertical FDI model. A firm must perform two stages of production: in the first she produces components (at marginal cost *c* if production takes place at home, whereas at *c**< *c* if abroad); in the second their final assembly takes place (necessarily at home, at marginal cost *a*). By locating abroad the first stage of production, the firm would be required to pay a fixed cost *H* for co-ordination, and would incur a trade barrier equal to *t* when shipping components across borders.

i) Write the cost function for the multinational and national organizational forms, respectively.

ii) Compute the cost differential $B^{MNE} - B^{NE}$ and discuss the conditions under which this cost differential is larger, equal or smaller than zero.

iii) Compute analytically the level of foreign marginal cost, *c**, below which it is convenient to be multinational.

iv) Provide an assessment of the impact of **trade liberalization** (lower *t*) on the likelihood of being *MNE*. Give the economic intuition explaining the effect of trade liberalization.

v) Say whether in this model exports and FDI are complements or substitutes and provide the explanation.

FOR STUDENTS TIP 1: Please provide as many intermediate derivations as possible in the Response box.

FOR STUDENTS TIP 2: You can copy and paste Greek and other symbols from the text above to speed up answering.

Domanda **5**

Risposta non ancora data

Punteggio max.: 1,00

Let us consider the following model with increasing returns to scale, where each firm has complete market power, product differentiation is very high and the market share is equal to $s=1$ (**variety** effect).

In country *H*, in a given sector, in autarchy, there are n firms that produce the final good employing only labor, whose total supply is equal to L. The wage of workers is normalized to 1. The total cost function to produce q units of the final good is $TC = f + c \cdot q$.

i) Derive the total labor demand in country *H* and write the full employment condition in the labor market.

ii) Derive the profit function $\pi\pi$ of a firm and write the free entry/exit condition.

The equilibrium price charged by each firm is $p = \sigma c / (\sigma-1)$.

iii) Write the operating margin of a firm.

iv) Determine the equilibrium number of firms n_A in autarchy in country *H*, and carefully discuss the role of each exogenous variable.

Let us assume now that country *H* becomes perfectly integrated with country *F*, which is equal to country *H* in all aspects. The total labor force in the integrated economy is now $2L$.

v) Determine the equilibrium number of firms n_T in the integrated economy and compare it with n_A. The number n_T is larger or smaller than $2n_A$? Discuss these results from an economic point of view.

FOR STUDENTS TIP 1: Please write as many intermediate derivations as possible in the Response box.

FOR STUDENTS TIP 2: You can copy and paste greek and other symbols from the text above to speed up answering.

Domanda **6**

Risposta non ancora data

Punteggio max.: 1,00

Let us consider the general traditional model. In autarchy, in country *H* two goods are produced, *X* and *Y*, whose prices are p_X and p_Y, respectively. Two factors of production are employed, capital (*K*) and labor (*L*), whose prices are *r* and *w*, respectively. Given a relative autarchy price, p_X/p_Y, a certain quantity of *X* and *Y* is produced by firms.

i) What is the necessary analytic condition that has to be satisfied when firms maximize profits?

ii) If consumers total income is *I*, write the analytic expression of the budget constraint.

Given the aggregate utility function *U(X,Y)*, and given the budget constraint, a certain quantity of *X* and *Y* is demanded by consumers.

iii) What is the necessary analytic condition that has to be satisfied when consumers maximize utility?

At the relative equilibrium autarchy price, p_X^A/p_Y^A, the quantities demanded of *X* and *Y* are exactly equal to the quantities supplied by domestic firms (*market clearing*).

iv) Write the conditions that represent the *market clearing equilibrium*.

Let us suppose now that country *H* opens up to international trade. The equilibrium relative price in international markets is p_X^T/p_Y^T , being **greater** than p_X^A/p_Y^A .

v) Is country *H* an importer of good *X*? And what about good *Y*?

Let us now consider the Heckscher-Ohlin framework. Let us assume a two-country world where, at the international level, only one other big country *F* exists. We also know that the following relationship holds in the production process of both countries:

$$\frac{a_{KY}}{a_{LY}} < \frac{a_{KX}}{a_{LX}}$$

As before, after trade is opened up, the equilibrium price on international markets is $\hat{p} = p_X^T/p_Y^T$, being **greater** than $p_X^{A,H}/p_Y^{A,H}$ (autarchy equilibrium relative price of country *H*).

vi) Is country *H* relatively abundant in capital or labor with respect to country *F*? What was the line of reasoning that you followed?

FOR STUDENTS TIP 1: Please write as many intermediate derivations as possible in the Response box.

Domanda **7**

Risposta non ancora data

Punteggio max.: 1,00

Let us consider the general traditional model. In autarchy, in country *H* two goods are produced, *X* and *Y*, whose prices are p_X and p_Y, respectively. Two factors of production are employed, capital (*K*) and labor (*L*), whose prices are *r* and *w*, respectively. Given a relative autarchy price, p_X/p_Y, a certain quantity of *X* and *Y* is produced by firms.

i) What is the necessary analytic condition that has to be satisfied when firms maximize profits?

ii) If consumers total income is *I*, write the analytic expression of the budget constraint.

Given the aggregate utility function *U(X,Y)*, and given the budget constraint, a certain quantity of *X* and *Y* is demanded by consumers.

iii) What is the necessary analytic condition that has to be satisfied when consumers maximize utility?

At the relative equilibrium autarchy price, p_X^A/p_Y^A, the quantities demanded of *X* and *Y* are exactly equal to the quantities supplied by domestic firms (*market clearing*).

iv) Write the conditions that represent the *market clearing equilibrium*.

Let us suppose now that country *H* opens up to international trade. The equilibrium relative price in international markets is p_X^T/p_Y^T , being **smaller** than p_X^A/p_Y^A .

v) Is country *H* an importer of good *X*? And what about good *Y*?

Let us now consider the Heckscher-Ohlin framework. Let us assume a two-country world where, at the international level, only one other big country *F* exists. We also know that the following relationship holds in the production process of both countries:

$$\frac{a_{KY}}{a_{LY}} < \frac{a_{KX}}{a_{LX}}$$

As before, after trade is opened up, the equilibrium price on international markets is $\hat{p} = p_X^T/p_Y^T$, being **smaller** than $p_X^{A,H}/p_Y^{A,H}$ (autarchy equilibrium relative price of country *H*).

vi) Is country *H* relatively abundant in capital or labor with respect to country *F*? What was the line of reasoning that you followed?

FOR STUDENTS TIP 1: Please write as many intermediate derivations as possible in the Response box.

Domanda **8**

Risposta non ancora data

Punteggio max.: 1,00

Let us consider the general traditional model. In autarchy, in country *H* two goods are produced, *X* and *Y*, whose prices are p_X and p_Y, respectively. Two factors of production are employed, capital (*K*) and labor (*L*), whose prices are *r* and *w*, respectively. Given a relative autarchy price, p_X/p_Y, a certain quantity of *X* and *Y* is produced by firms.

i) What is the necessary analytic condition that has to be satisfied when firms maximize profits?

ii) If consumers total income is *I*, write the analytic expression of the budget constraint.

Given the aggregate utility function *U(X,Y)*, and given the budget constraint, a certain quantity of *X* and *Y* is demanded by consumers.

iii) What is the necessary analytic condition that has to be satisfied when consumers maximize utility?

At the relative equilibrium autarchy price, p_X^A/p_Y^A, the quantities demanded of *X* and *Y* are exactly equal to the quantities supplied by domestic firms (*market clearing*).

iv) Write the conditions that represent the *market clearing equilibrium*.

Let us suppose now that country *H* opens up to international trade. The equilibrium relative price in international markets is p_X^T/p_Y^T , being **greater** than p_X^A/p_Y^A .

v) Is country *H* an importer of good *X*? And what about good *Y*?

Let us now consider the Heckscher-Ohlin framework. Let us assume a two-country world where, at the international level, only one other big country *F* exists. We also know that the following relationship holds in the production process of both countries:

$$\frac{a_{KY}}{a_{LY}} > \frac{a_{KX}}{a_{LX}}$$

As before, after trade is opened up, the equilibrium price on international markets is $\hat{p} = p_X^T/p_Y^T$, being **greater** than $p_X^{A,H}/p_Y^{A,H}$ (autarchy equilibrium relative price of country *H*).

vi) Is country *H* relatively abundant in capital or labor with respect to country *F*? What was the line of reasoning that you followed?

FOR STUDENTS TIP 1: Please write as many intermediate derivations as possible in the Response box.

Domanda **9**

Risposta non ancora data

Punteggio max.: 1,00

Let us consider the general traditional model. In autarchy, in country *H* two goods are produced, *X* and *Y*, whose prices are p_X and p_Y, respectively. Two factors of production are employed, capital (*K*) and labor (*L*), whose prices are *r* and *w*, respectively. Given a relative autarchy price, p_X/p_Y, a certain quantity of *X* and *Y* is produced by firms.

i) What is the necessary analytic condition that has to be satisfied when firms maximize profits?

ii) If consumers total income is *I*, write the analytic expression of the budget constraint.

Given the aggregate utility function *U(X,Y)*, and given the budget constraint, a certain quantity of *X* and *Y* is demanded by consumers.

iii) What is the necessary analytic condition that has to be satisfied when consumers maximize utility?

At the relative equilibrium autarchy price, p_X^A/p_Y^A, the quantities demanded of *X* and *Y* are exactly equal to the quantities supplied by domestic firms (*market clearing*).

iv) Write the conditions that represent the *market clearing equilibrium*.

Let us suppose now that country *H* opens up to international trade. The equilibrium relative price in international markets is p_X^T/p_Y^T , being **smaller** than p_X^A/p_Y^A .

v) Is country *H* an importer of good *X*? And what about good *Y*?

Let us now consider the Heckscher-Ohlin framework. Let us assume a two-country world where, at the international level, only one other big country *F* exists. We also know that the following relationship holds in the production process of both countries:

$$\frac{a_{KY}}{a_{LY}} > \frac{a_{KX}}{a_{LX}}$$

As before, after trade is opened up, the equilibrium price on international markets is $\hat{p} = p_X^T/p_Y^T$, being **smaller** than $p_X^{A,H}/p_Y^{A,H}$ (autarchy equilibrium relative price of country *H*).

vi) Is country *H* relatively abundant in capital or labor with respect to country *F*? What was the line of reasoning that you followed?

FOR STUDENTS TIP 1: Please write as many intermediate derivations as possible in the Response box.

Domanda **10**

Risposta non ancora data

Punteggio max.: 1,00

Consider the outsourcing model for a MNE. The manager of the MNE has to decide whether to base the sourcing of the foreign component either on direct ownership or on a contractual arrangement. Under direct ownership, the MNE would pay a fixed cost *H* for co-ordination of international operations, and would incur a foreign marginal cost of production of *c*,* in addition to assembly cost *a*. Under the contractual arrangement, the MNE would pay the component *γc**, but would incur contractual frictions equal to a share *(1-θ)* of revenues p_A, in addition to assembly cost *a*.

i) Write the profit function under the ownership-based and contract-based arrangements, respectively.

ii) Compute the profit differential $\pi^{MNE} - \pi^{NE}$ and discuss the conditions under which this profit differential is larger, equal or smaller than zero.

iii) Compute analytically the threshold of the parameter *θ* below which it is convenient to base on direct ownership the sourcing of the foreign component.

iv) Discuss the real-world factors that influence *θ*.

v) Provide an assessment of the impact of **productivity growth** (lower *c**) on the likelihood of choosing outsourcing **contracts**. Give the economic intuition explaining the effect of productivity growth.

FOR STUDENTS TIP 1: Please provide as many intermediate derivations as possible in the Response box.

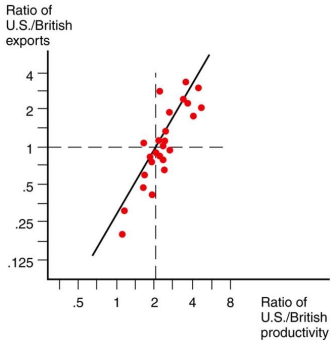
FOR STUDENTS TIP 2: You can copy and paste Greek and other symbols from the text above to speed up answering.

Domanda **11**

Risposta non ancora data

Punteggio max.: 1,00

Given the following picture taken from the seminal paper by Balassa (1963)



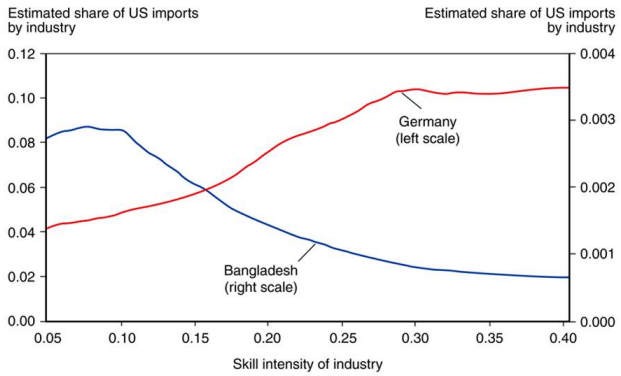
explain why it can be taken as evidence of a Ricardian pattern of trade by U.S. and Britain.

Domanda **12**

Risposta non ancora data

Punteggio max.: 1,00

Given the following picture taken from the seminal paper by Romalis (2004)



explain why it can be taken as evidence of a Heckscher-Ohlin pattern of trade by Bangladesh and Germany.

Domanda **13**

Risposta non ancora data

Punteggio max.: 1,00

In the Ricardian framework with two countries (Home and Foreign) and labor as factor of production consider the following unit labor requirements for the Cheese and Wine industries:

	Cheese	**Wine**
Home	2 hours/pound	3 hours/gallon
Foreign	5 hours/pound	2 hours/gallon

If in the free-trade equilibrium the relative price of cheese and wine is equal to 1, the wage in Home relative to the wage in Foreign is:

Scegli un'alternativa:

- a. 4
- b. 1
- c. 1/4
- d. 5/4

Domanda **14**

Risposta non ancora data

Punteggio max.: 1,00

In the Ricardian framework with two countries (Home and Foreign) and labor as factor of production consider the following unit labor requirements for the Cheese and Wine industries:

	Cheese	**Wine**
Home	1 hours/pound	3 hours/gallon
Foreign	5 hours/pound	4 hours/gallon

If in the free-trade equilibrium the relative price of cheese and wine is equal to 1, the wage in Home relative to the wage in Foreign is:

Scegli un'alternativa:

- a. 1
- b. 5/4
- c. 4
- d. 1/4

Domanda **15**

Risposta non ancora data

Punteggio max.: 1,00

In the Ricardian framework with two countries (Home and Foreign) and labor as factor of production consider the following unit labor requirements for the Cheese and Wine industries:

	Cheese	**Wine**
Home	4 hours/pound	2 hours/gallon
Foreign	10 hours/pound	20 hours/gallon

If in the free-trade equilibrium the relative price of cheese and wine is equal to 1, the wage in Home relative to the wage in Foreign is:

Scegli un'alternativa:

- a. 1
- b. 4
- c. 1/4
- d. 5

Domanda **16**

Risposta non ancora data

Punteggio max.: 1,00

In the context of the Heckscher-Ohlin model of trade, the opening up to free trade by a country

Scegli un'alternativa:

- a. hurts the factor of production which is used intensively in the good being exported
- b. hurts the factor of production whose marginal product goes up
- c. hurts the factor of production which is used intensively in the good being imported
- d. benefits both factors of production

Domanda **17**

Risposta non ancora data

Punteggio max.: 1,00

Consider the following curve *SS*, which displays the relationship between the relative price of cigars over food, P_C / P_F, and the relative price of the wage rate over the rental rate of capital, *w / r*.

From the slope of the curve it can be deduced that

Scegli un'alternativa:

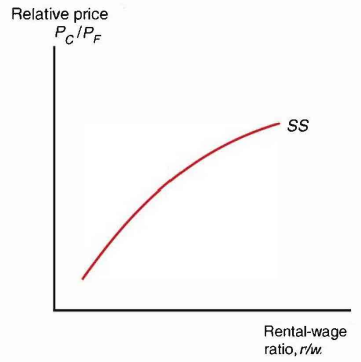
- a. cigars are labor-intensive, while food is capital-intensive
- b. both goods are labor-intensive
- c. both goods are capital-intensive
- d. cigars are capital-intensive, while food is labor-intensive

Domanda **18**

Risposta non ancora data

Punteggio max.: 1,00

Consider the following curve *SS*, which displays the relationship between the relative price of clothing over fish, P_C/P_F, and the relative price of the rental rate of capital over the wage rate, *r / w*.



From the slope of the curve it can be deduced that

Scegli un'alternativa:

- a. both goods are capital-intensive
- b. clothing is capital-intensive, while fish is labor-intensive
- c. both goods are labor-intensive
- d. clothing is labor-intensive, while fish is capital-intensive

Domanda **19**

Risposta non ancora data

Punteggio max.: 1,00

Consider the general traditional framework. Assume that trade is allowed in a country, and that the relative price the country faces after trade, p_X^T/p_Y^T, is smaller than the relative price faced under autarchy, p_X^A/p_Y^A. In this framework, **gains from exchange** occur because

Scegli un'alternativa:

- a. the country is able to increase the production of the good relatively cheaper on international markets and to decrease the production of the good relatively more expensive
- b. the country exports *X* and imports *Y*
- c. the country is able to increase the production of the good relatively more expensive on international markets and to decrease the production of the good relatively cheaper
- d. given the same production pattern of autarchy, the country is able to sell abroad the good whose relative price is higher than in autarchy and buy from abroad the good whose price is lower

Domanda **20**

Risposta non ancora data

Punteggio max.: 1,00

In the Ricardian model the *unit labor requirement* of good X is a_X=4 hours/litre and that of good Y is a_Y=2 hours/Kg. The marginal product of labor in sectors X and Y is, respectively,

Scegli un'alternativa:

- a. MPL_X=¼ litre/hour and MPL_Y=½ Kg/hour
- b. MPL_X=½ litre/hour and MPL_Y=¼ Kg/hour
- c. MPL_X=4 litres/hour and MPL_Y=2 Kg/hour
- d. MPL_X=¼ hour/litre and MPL_Y=½ hour/Kg

Domanda **21**

Risposta non ancora data

Punteggio max.: 1,00

In the Ricardian model the *unit labor requirement* of good X is a_X=2 hours/litre and that of good Y is a_Y=4 hours/Kg. The marginal product of labor in sectors X and Y is, respectively,

Scegli un'alternativa:

- a. MPL_X=¼ hour/litre and MPL_Y=½ hour/Kg
- b. MPL_X=4 litres/hour and MPL_Y=2 Kg/hour
- c. MPL_X=½ litre/hour and MPL_Y=¼ Kg/hour
- d. MPL_X=¼ litre/hour and MPL_Y=½ Kg/hour

Domanda **22**

Risposta non ancora data

Punteggio max.: 1,00

In the Ricardian model the *unit labor requirement* of good *X* is a_X=5 hours/litre and that of good *Y* is a_Y=4 hours/Kg. The marginal product of labor in sectors *X* and *Y* is, respectively,

Scegli un'alternativa:

- a. $MPL_X = \frac{1}{5}$ litre/hour and $MPL_Y = \frac{1}{4}$ Kg/hour
- b. $MPL_X = \frac{1}{4}$ hour/litre and $MPL_Y = \frac{1}{5}$ hour/Kg
- c. $MPL_X = \frac{1}{5}$ hour/litre and $MPL_Y = \frac{1}{4}$ hour/Kg
- d. $MPL_Y = \frac{1}{4}$ litre/hour and $MPL_X = \frac{1}{5}$ Kg/hour

Domanda **23**

Risposta non ancora data

Punteggio max.: 1,00

In the model with export subsidies with two big countries, when a big country pays a subsidy for export of good *Y*, the equilibrium terms of trade $\hat{p} = \frac{p_X}{p_Y}$

Scegli un'alternativa:

- a. improve (*p*^ rises)
- b. improve (*p*^ falls)
- c. worsen (*p*^ falls)
- d. worsen (*p*^ rises)

Domanda **24**

Risposta non ancora data

Punteggio max.: 1,00

In the model with export subsidies with two big countries, when a big country pays a subsidy for export of good *X*, the equilibrium terms of trade $\hat{p} = \frac{p_X}{p_Y}$

Scegli un'alternativa:

- a. improve (*p*^ falls)
- b. worsen (*p*^ falls)
- c. worsen (*p*^ rises)
- d. improve (*p*^ rises)

Domanda **25**

Risposta non ancora data

Punteggio max.: 1,00

In the model with import tariffs with two big countries, when a big country levies an import tariff on good *X*, the equilibrium terms of trade $\hat{p} = \frac{p_X}{p_Y}$

Scegli un'alternativa:

- a. worsen (*p*^ falls)
- b. worsen (*p*^ rises)
- c. improve (*p*^ falls)
- d. improve (*p*^ rises)

Domanda **26**

Risposta non ancora data

Punteggio max.: 1,00

In the horizontal FDI model, the profit differential between the multinational and national form is $\Pi_{MNE} - \Pi_{NE} = tE - (F + H)$. A reduction in *F*, the fixed cost of a foreign establishment, brings

Scegli un'alternativa:

- a. a shift towards left of the threshold of the foreign market size *E* below which it is convenient to remain national
- b. complementarity between export and FDI
- c. a shift towards right of the threshold of the foreign market size *E* below which it is convenient to remain national
- d. an upward shift of the line representing the costs of the multinational form

Domanda **27**

Risposta non ancora data

Punteggio max.: 1,00

In the model with outsourcing, the profit differential between the multinational and national form is $\Pi_{MNE} - \Pi_{NE} = (1-\theta)\, p_A - (1-\gamma)\, c^* - H$. A rise in the price of the final good p_A brings

Scegli un'alternativa:

- a. nothing, since the threshold of the parameter θ is independent from p_A
- b. a shift towards left of the threshold of the parameter θ above which it is convenient to remain national
- c. a shift towards right of the threshold of the parameter θ above which it is convenient to remain national
- d. a downward shift of the line representing the costs of the multinational form

Domanda **28**

Risposta non ancora data

Punteggio max.: 1,00

In the model with outsourcing, the profit differential between the multinational and national form is $\Pi_{MNE} - \Pi_{NE} = (1-\theta)\, p_A - (1-\gamma)\, c^* - H$. A fall in the price of the final good p_A brings

Scegli un'alternativa:

- a. a downward shift of the line representing the costs of the multinational form
- b. a shift towards right of the threshold of the parameter θ above which it is convenient to remain national
- c. a shift towards left of the threshold of the parameter θ above which it is convenient to remain national
- d. nothing, since the threshold of the parameter θ is independent from p_A

Domanda **29**

Risposta non ancora data

Punteggio max.: 1,00

When varieties are completely differentiated, it is true that *s* = 1; that is, each firm enjoys a perfect monopoly power. In this situation (**variety effect** framework) the total number of firms in the integrated market is equal to $n_T = 2n_A$. In the integrated market it is also true that

Scegli un'alternativa:

- a. there is a pro-competitive effect, since the price charged by each firm goes down
- b. there is a scale effect, since the quantity produced by each firm goes up
- c. there is a selection effect, since the total number of firms is larger than in autarchy
- d. there is no pro-competitive effect, since the price charged by each firm remains unchanged

Domanda **30**

Risposta non ancora data

Punteggio max.: 1,00

Consider the general traditional framework. Assume that trade is allowed in a country, and that the relative price the country faces after trade, p_X^T/p_Y^T, is smaller than the relative price faced under autarchy, p_X^A/p_Y^A. In this framework, **gains from specialization** occur because

Scegli un'alternativa:

- a. the country is able to increase the production of the good relatively cheaper on international markets and to decrease the production of the good relatively more expensive
- b. given the same production pattern of autarchy, the country is able to sell abroad the good whose relative price is higher than in autarchy and buy from abroad the good whose price is lower
- c. the country is able to increase the production of the good relatively more expensive on international markets and to decrease the production of the good relatively cheaper
- d. the country exports *X* and imports *Y*

Domanda **31**

Risposta non ancora data

Punteggio max.: 1,00

In the framework of the Heckscher-Ohlin model, the two final goods are silk, *S*, and cheddar, *C*, and the two factors of production are labor, *L*, and capital, *K*. The unit input requirements are $a_{LS}, a_{LC}, a_{KS}, a_{KC}$. If silk is intensive in the use of labor, then

Scegli un'alternativa:

- a. $\frac{a_{LC}}{a_{KC}} > \frac{a_{KS}}{a_{LS}}$
- b. $\frac{a_{LS}}{a_{LC}} > \frac{a_{KS}}{a_{KC}}$
- c. $\frac{a_{LS}}{a_{LC}} < \frac{a_{KS}}{a_{KC}}$
- d. $\frac{a_{LS}}{a_{KC}} > \frac{a_{KS}}{a_{LC}}$

Domanda **32**

Risposta non ancora data

Punteggio max.: 1,00

In the new trade theories, in a graph with firms' profitability, π, on the vertical axis, and the number of firms, *n*, on the horizontal axis, if the **market demand elasticity to the price, σ, goes up**

Scegli un'alternativa:

- a. the number of firms at equilibrium increases as the market demand elasticity to the price goes up
- b. the number of firms at equilibrium decreases as the market demand elasticity to the price goes down
- c. the curve linking firms' profitability, π, to the number of firms, *n*, shifts upwards
- d. the curve linking firms' profitability, π, to the number of firms, *n*, shifts downwards

Domanda **33**

Risposta non ancora data

Punteggio max.: 1,00

In the model about the choice between *licensing* and horizontal FDI, the *royalty R* paid by the foreign agent to the national enterprise is

Scegli un'alternativa:

- a. decreasing in λ, the degree of excludability of the knowledge capital of the national enterprise
- b. such that profits to the foreign agent from contract enforcement are larger than profits from contract violation
- c. independent from *λ*, the degree of excludability of the knowledge capital of the national enterprise
- d. increasing in λ, the degree of excludability of the knowledge capital of the national enterprise

◄ Pepall_Variety_Quality.pptx

Vai a...

Mock 1st mid-term exam ►