

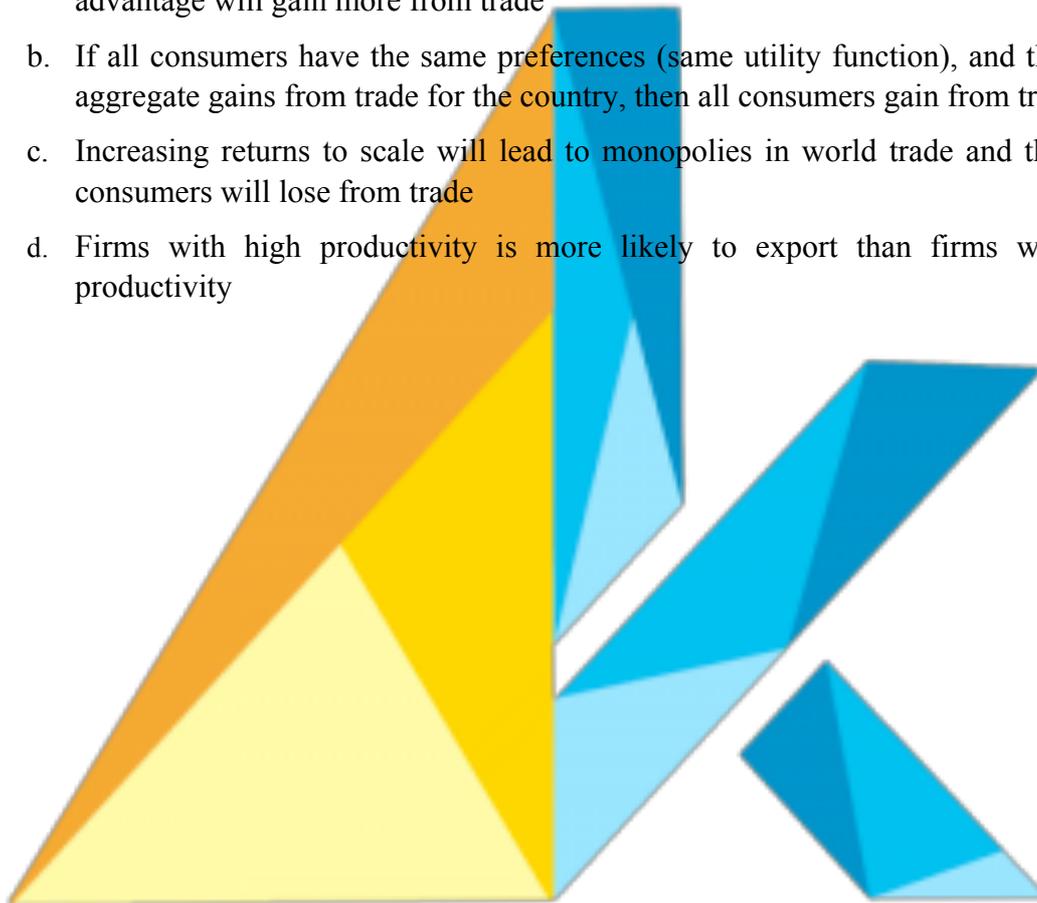
UJIAN TENGAH SEMESTER GENAP 2017/2018 – SUSULAN

Mata Kuliah : Ekonomi Perdagangan Internasional (ECEU603202)
Dosen : Prof. Mari E. Pangesti/Jose Rizal, Ph.D.
Waktu Ujian : 2,5 Jam
Sifat Ujian : *Close Book*

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1. Consider the case of two identical economies (in endowment and also technology) except that country H has a monopoly in X in autarky. Good Y is produced competitively in both countries.
 - a. Describe the situation in a PPF (5)
 - b. Suppose that free trade does not eliminate the monopoly. Show that country H could be better off in free trade while F gains welfare. (10)
 - c. Show the situation where H worse off while F better off (12)
 - d. Explain carefully why H could gain or lose welfare in free trade (10)
2. Suppose that there are three goods (software, shirts, wheat) and three factors (skilled labor, unskilled labor, land). Software is intensive in skilled labor, shirts are intensive in unskilled labor, and wheat is intensive in land. The US is land-abundant and skilled-labor-abundant relative to the rest of the world. Discuss intuitively the effects of moving from autarky to free trade on
 - a. The outputs of the three goods in the US (5)
 - b. The distribution of income in the US (5)
 - c. The incentives to get a university education (5)
 - d. The degree of disparity in the income distribution (the ratio of the incomes of the high income workers to the incomes of the low income workers) (5)
3. There are two goods produced in the global economy, TV and timber. Both goods are produced using labor as a factor of production. But in addition TV uses capital in its production, while timber is produced in the forest with land as factor of production. Indonesia is a country endowed with forest and produce timber more efficiently than to produce TV. However, under autarky, Indonesia needs to produce those two goods.
 - a. Show the situation in a graph that explains “specific factor model”. (5)
 - b. Japan is another country that is more endowed with capital, and can produce TV more efficiently. If the two country start to trade, what would happen to the price of TV in Indonesia? Show the situation in your graph (5)
 - c. Explain what would happen to the real wage, both in term of TV and in term of timber (5)

- d. What would happen to the rental on capital and rental on land in Indonesia? (5)
 - e. What can you say about the effect of trade on “specific factor” in importing and exporting industry from this analysis? (5)
4. For each of the statements below, say whether it is true, false, or uncertain (true in some circumstances not specified in the statement and false in others), and justify your answer in no more than three sentences. (each gets 5 points)
- a. When two countries open up to trade, the country with an absolute productivity advantage will gain more from trade
 - b. If all consumers have the same preferences (same utility function), and there are aggregate gains from trade for the country, then all consumers gain from trade
 - c. Increasing returns to scale will lead to monopolies in world trade and therefore consumers will lose from trade
 - d. Firms with high productivity is more likely to export than firms with low productivity



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