Points:
23-24: 5 A
21-22: 5 B
18-20: 4 C
15-17: 3 D
12-14: 2 E
-11: 1 F

Name:…………………………………..
Code:…………………………………..

International economics

Date

1. True or false (please explain!)? (1-1 points)

a) If absolute advantages are concentrated in one country, the two countries can trade according to the theory of absolute advantages.

b) In all theories of trade that we discussed during the course we assume decreasing returns.

c) A large country can benefit from import tax.

d) The consumer surplus is in direct connection with the market price, and a drop in prices will lead to less consumer surplus.

e) The effective protection of European car makers is increased when a tariff is levied on car parts by the European Union.

2. Please define the following terms! (1-1 points)

a) opportunity cost

b) comparative advantage

c) voluntary export restraint

d) terms of trade gain

3. In a Ricardian economy the following are known. Calculate the amount of excess goods that can be produced with specialisation, and set up the mutually beneficial relative price range (using the opportunity cots of grenade in terms of goat meet)! (4 points)

country	productivity data		production	
	goat meat	grenade	goat meat	grenade
Kosovo	2 h/kg	3 h/u	450 kg	400 u
Albania	1 h/ kg	2 h/u	400 kg	250 u

4. The transformation curve of countries A and B are: y_A=110-1,8x^2; y_B=40-0,25x^2. Calculate the opportunity cost in both countries if they do not trade with each other, if it is known that in both countries consumers purchase the two goods in a set combination: 2y-1x. Which of the two countries has a comparative advantage in the production of x? (4 points)

5. The demand and the supply of T-shirts in Hungary is D=45.000-5P, S=10P+7.500. How much would Hungary import if the price on the world market was 1.500 HUF? How does the price change, and what are the costs and benefits of a 7.500-unit import quota levied on T-shirts? (3 points)

6. Derive the export supply curve of a country! (4 points)