

**Mid-term Examination**  
*Some Suggested Answers*

1. The relevant equation is 2-2 on p. 13 of the textbook. Effectively, BRI causes  $D$  to go down. Thus, all else equal, the volume of trade goes up.
2. This is question 6 on p. 49 of the textbook. The answer is on Nexus.
3. We discussed this in detail on several occasions in class. It is fully covered in chapter 5. As the question explicitly asks, you **must** set up the model in terms of skilled *versus* unskilled labor as the two factors of production, as we did in class. Moreover, you need to explain **why** the wages of unskilled workers at Home **decrease** after trade. Also, make sure to study Figure 5-10 on p. 103 of the textbook.
4. We thoroughly discussed this in class. In addition, it is discussed in the required papers for question 1 of the Homework Assignment 1; plus, in the referenced case studies.
5. This is based on chapters 4 and 5. We extensively covered this in class. Aspects of it are fully covered in the textbook as well. In fact, I gave you several hints that this question would appear on the exam!
6. **6A.** This is based on the Case Study on pp. 77-79 of the textbook. **6B.** This is based on questions 5 and 6, pp. 81-82 of the textbook.
7. **7A** is explained on pages 109-115 of the textbook. **7B** we did this in class. See [2B](#).

**Bonus questions:**

**B1** and **B2.** We thoroughly discussed these questions in class.



**Statistical Report**

107	99	85
107	98	82
107	96	75
106	94	75
103	94	66
103	93	61
102	91	49
101	89	
100	87	



