

Internal Assessment
B.A.(Honours) Economics
International Trade

Question1. State and prove the Heckscher-Ohlin Theorem assuming all the required assumptions of the model hold true. [two countries, two final goods and two primary factors of production model] (7 marks)

Question 2. Differentiate between external and internal economies of scale. Depict using a diagram how China dominates the world's button industry with its historical advantage despite Vietnam's current ability to produce buttons more cheaply than China (Assume economies of scale in production is entirely external in the button industry). (5 marks)

Question 3.

Write a note on :

- (a) Stopler-Samuelson Theorem
- (b) Rybczynski Theorem

(4+4)

