

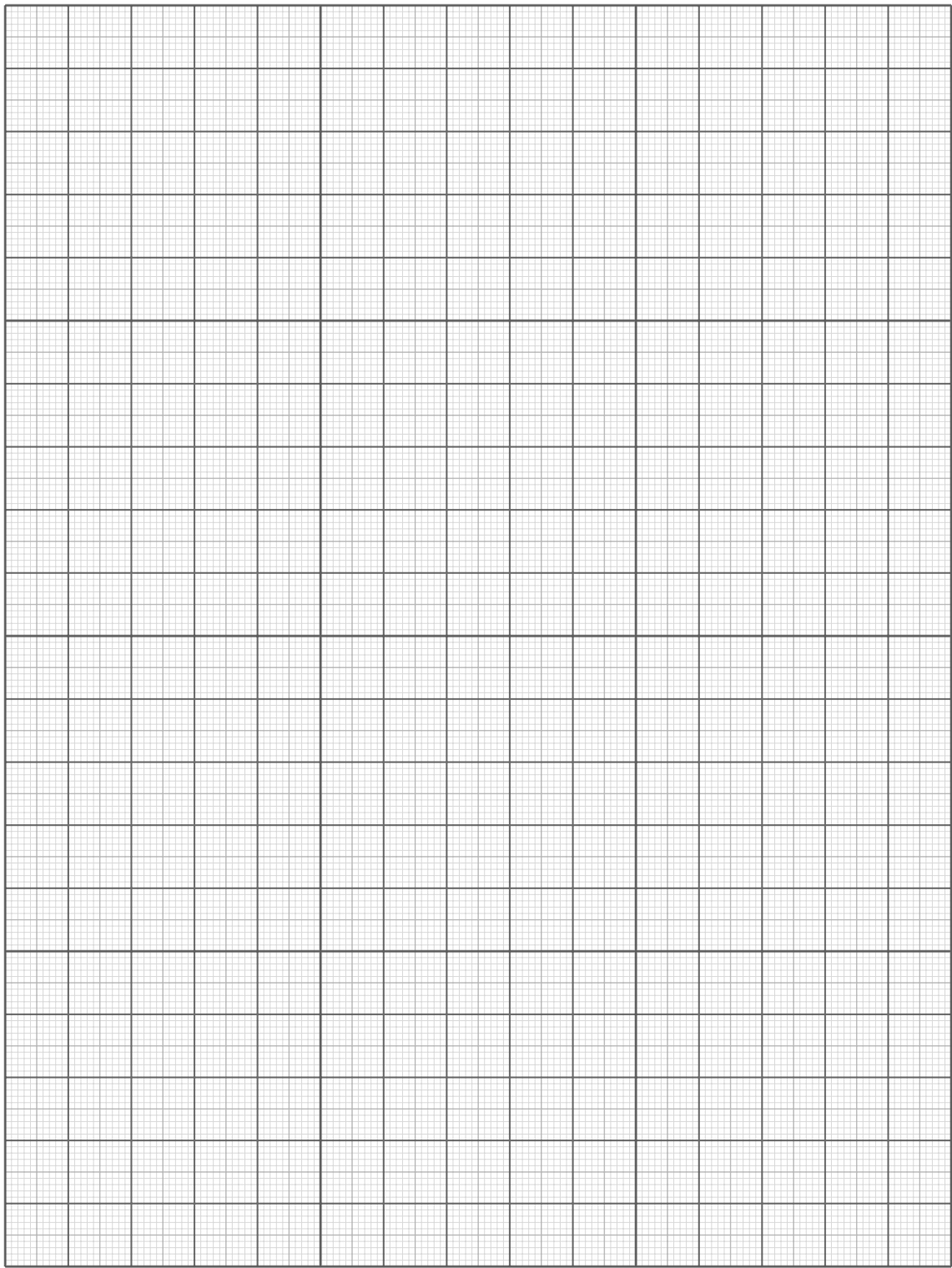
Commodity Futures Markets Practice Exam

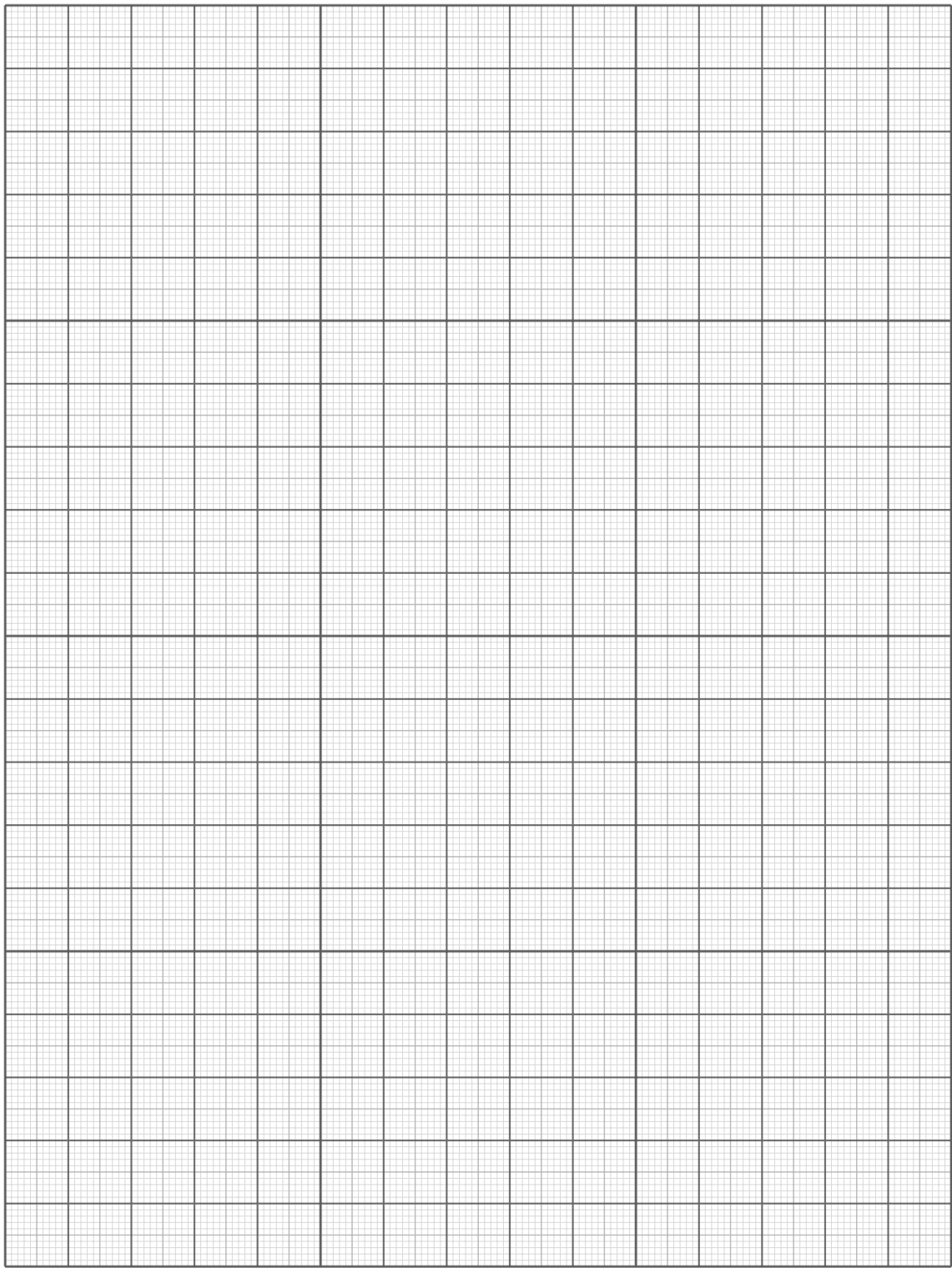
Instructions

The Exam is worth 20% There are three (3) questions with multiple parts.. Answer the questions in the spaces provided on the question sheets. If you run out of room for an answer, continue on the back of the page. Show working for all answers. Please note graph paper is attached. **ANSER ANY FOUR QUESTIONS OR QUESTIONS PARTS TO EARN 20 POINTS.**

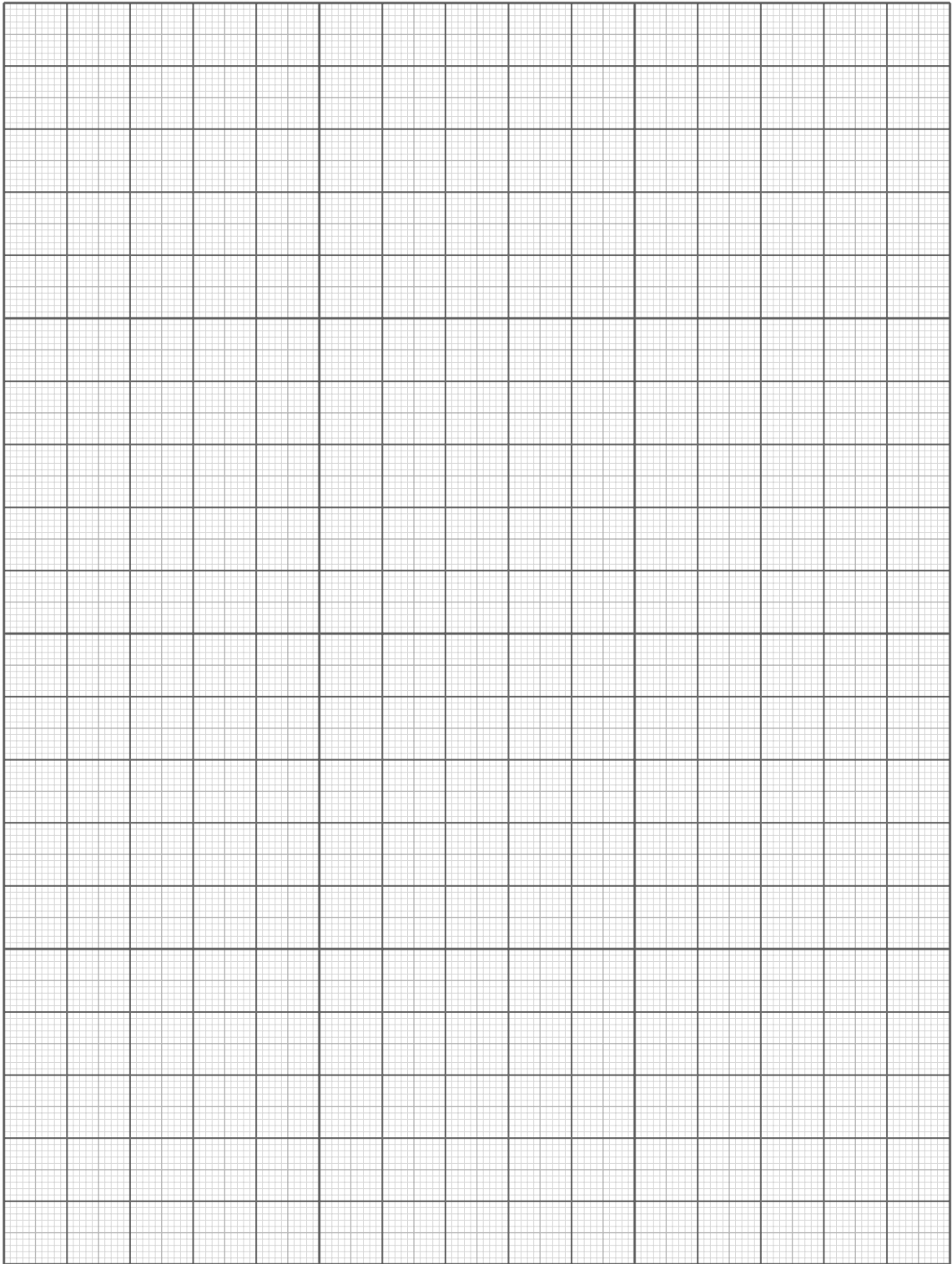
Questions

1. (a) Using the graph paper provided show graphically the gains from trade theorem. Do this in the context of the Heckscher -Ohlin model. Explain your reasoning in a short paragraph. (5 points)
- (b) On another piece of graph paper show in a sequence of diagrams how the factor price equalization theorem works. Explain your answer in a a few paragraphs in words. (5 points)

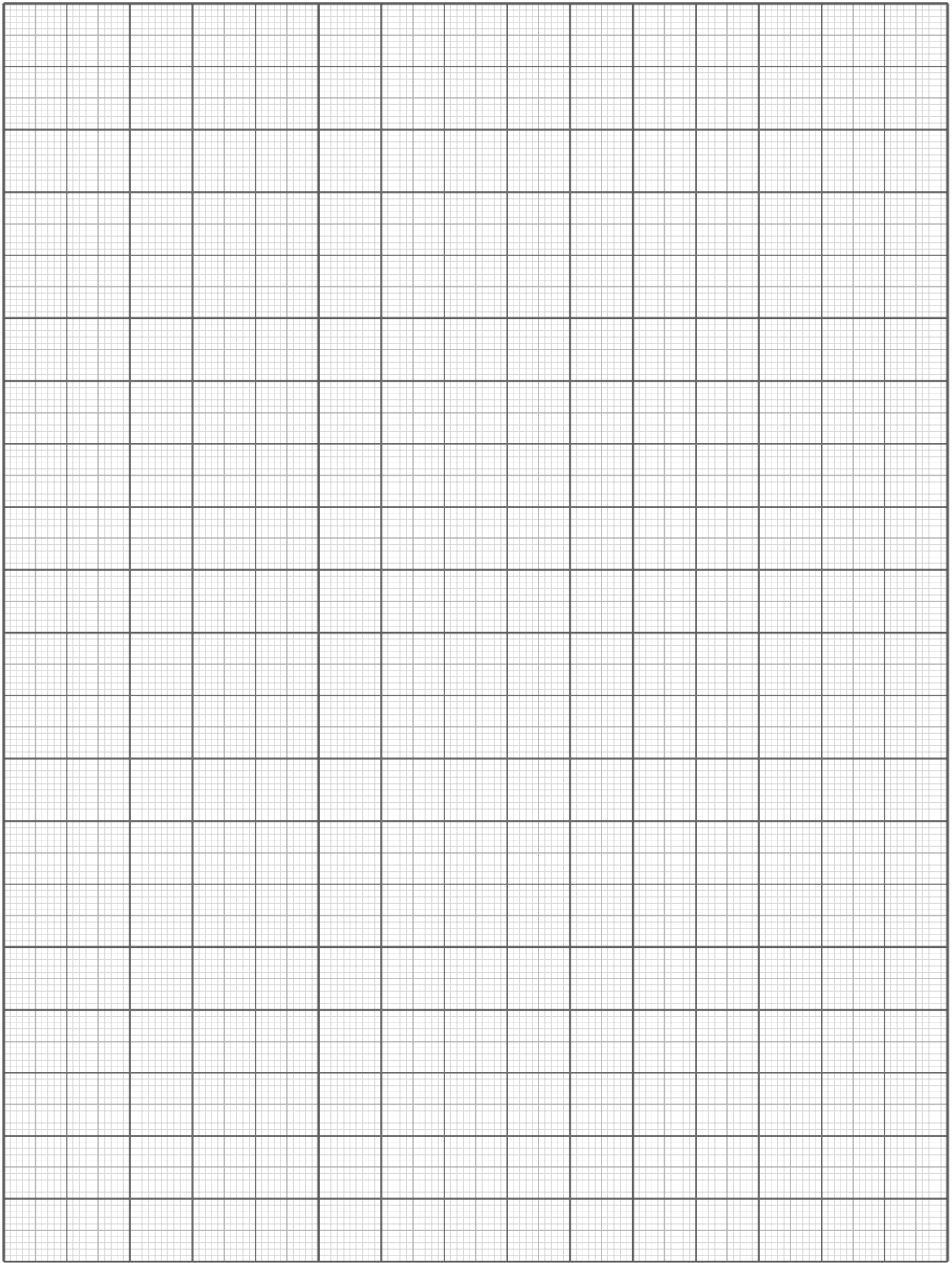




2. (a) Indicate graphically and in words what happens in the specific factors model if the quantity of the specific factor increases. (5 points)



- (b) What happens in the specific factors model if the price of the good that utilizes the non-specific factor increases. Illustrate your answer graphically and explain it in words. (5 points)



Answer:

3. Demonstrate the impact of monopoly on welfare and trade on welfare both graphically and in words.

(5 points)

