1-15.

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16. If we were to combine the production possibility frontiers of the two countries to create a single world production possibility frontier, then it is true that any change in production points (from autarky to specialization with trade) would involve a tradeoff of one good for another from the world's perspective. In other words, the new solution cannot possibly involve the production of more of both goods. However, since we know that each country is better off at the new solution, it must be true that the original points were not on the trade contract curve between the two countries, and it was in fact possible to make some people better off without making others worse off, so that the new solution does indeed represent a welfare improvement from the world's perspective.

17. This statement is typically "true . . . but." Under a strict and limited set of assumptions, such as the original Heckscher-Ohlin model which excludes country specific technologies; non-homothetic tastes; factor intensity reversals; large country differences in (relative) factor abundances, more factors than goods, and an equilibrium solution within the "cone of specialization"; then it may be demonstrated that internal consistency demands that the above stated sentence is "true." However, the minute one relaxes any of the above listed assumptions one may easily identify solutions, which contradict the factor price equalization theorem.