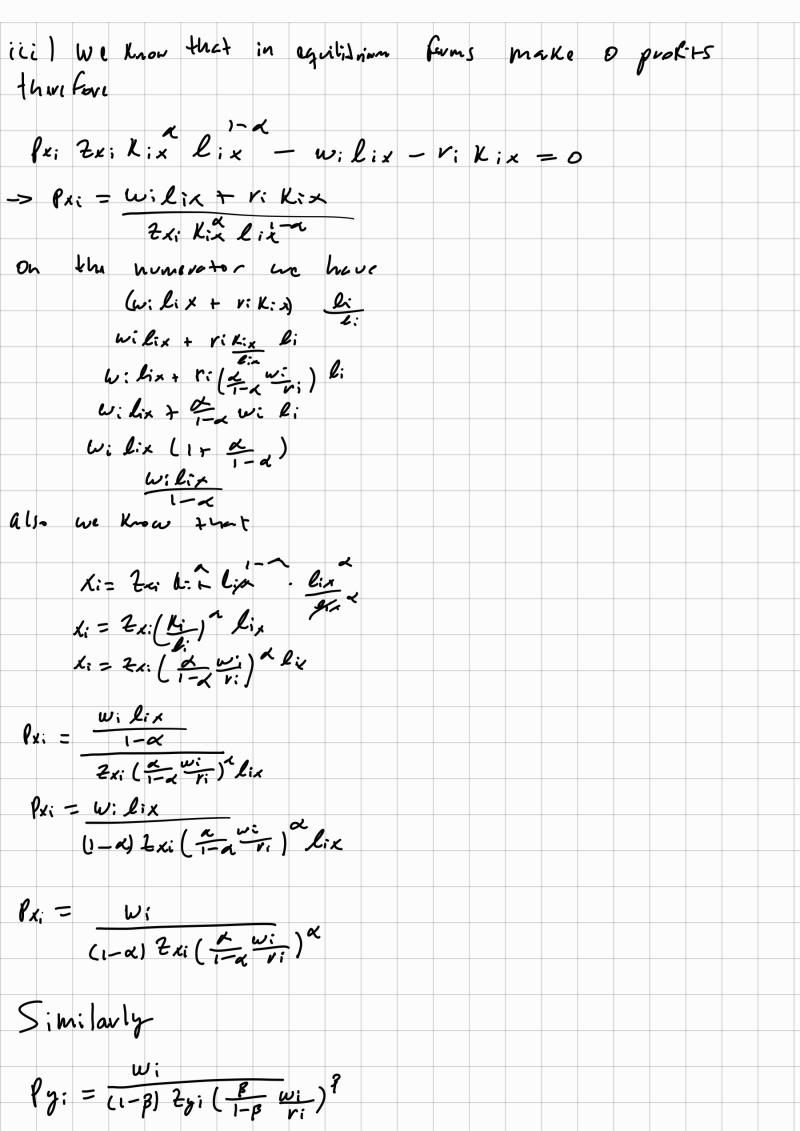
a) 2 countries h, f. 2 goods  $\chi, \gamma$ .  $\dot{c} = h, f$   $Ni = Z_{xi} K_{ix} L_{ix}^{x}$ y; = = = = 2y; Ly; 2 lig'- 3 with \$ >0, 200 il firms maximization problem. Let price 61 1x; 83; and r; , wi price of land a respectively firm x max Px; Zx; K; x l; x - w; l; x - v; K; x fol  $L_{i}$   $(1-\alpha)$   $\theta_{x}$ ;  $\lambda_{x}$   $\lambda_{$ [Kix ] & Px: 2x; Kix | Lix = r; firm y max ly; Z; L; z l; z - w; l; z - v; K; z fol [l; ] (1-8) Py; 7; K; 1 L; 4 = w; (2) La Kix lix = Vi as de lix = ri  $\langle - \rangle \frac{\alpha}{1-\alpha} \frac{w_i}{v_i} = \frac{k_{ix}}{l_{ix}}$ Similarly we get 3 w: - K:y
1-B V: Liy



Then  $w_i$   $\rho_{xi} = (i-z) \frac{\partial}{\partial x_i} \left( \frac{\alpha}{i-\alpha} \frac{w_i}{v_i} \right)^{\alpha}$ P<sub>2</sub>; ω; ( + ω; ) β (1-β) 2; ( + ω; ) β 1xi = (1-B) 27: ( = wi) 3 17; (1-a) 7xi ( x wi ) d iv) What forces explain comparative advantages? It depends on mainly 2 things, Kust which good us on factor in tousibly this is La, Pl levels, and which factor is non abundant Lk, endowners). VI By FPE theorem by Senutson, yes as long as they show the same 2 and FIR downt