

**UNIVERSITY OF OSLO**  
**DEPARTMENT OF ECONOMICS**

Postponed exam: ECON4415 – International trade, spring 2004

Date of exam: Wednesday, August 18, 2004

Time for exam: 9:00 a.m. – 12:00 noon

The problem set covers 1 page

Resources allowed:

- No resources allowed

The grades given: A-F, with A as the best and E as the weakest passing grade. F is fail.

**Answer one of the two following questions (NB: not both!):**

**1.**

- (a) Explain the relationship between goods prices and factor prices in the Heckscher-Ohlin-Samuelson, and the preconditions for factor price equalisation with free trade between two countries.
- (b) If two countries previously in autarky establish free trade, how will factor prices be affected?

**2.**

Discuss how increased transportation costs will influence industrial location in a model with two regions and two sectors.