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Econ 441
Summer 2002

Corrections of Mia Mikic, *International Trade*:

Chapter 1:

p. 5:

$$a_{LC} = L_C / Q_C$$
$$a_{LF} = L_F / Q_F \qquad (1.1.1)$$

p. 8, para. 2, line 4:

… only cloth ($Q_C = L/a_{LC}$ and $Q_F = 0$) so that …

p. 9:

$$a^*_{LC} = L^*_C / Q^*_C$$
$$a^*_{LF} = L^*_F / Q^*_F \qquad (1.1.1^*)$$

p. 16, line 2:

… demands (income elasticities of demand for each good is 1), and further that in both countries equal and constant shares of income are spent on each good… [Constant shares do not follow from unit income elasticities, but is a stronger assumption.]

p. 20:

$$a_{LF} / p^T < a_{LC} \qquad (1.1.9)$$

p. 22, para. 2, line 15:

…the old trading equilibrium ($E' \succ E$), In other…

p. 37:

$$w = [b(Z)/(1-b(Z))](L^*/L) \equiv B(Z; \frac{L}{L^*}) \qquad (1.2.14a)$$

p. 38, line 3 from bottom:

… L/L^* causes a south-east shift of the $B(.)$ schedule…

p. 41, line 2 from bottom:

… where $t(z) < 1$, arrives …

p. 42:

$$wa(z)/t(z) \le w^* a^*(z) \qquad (1.2.19)$$

$$w/w^* \le A(z)t(z) \qquad (1.2.20)$$

$$w^* a^*(z)/t(z) \le wa(z) \qquad (1.2.19^*)$$

$$w/w^* \ge A(z)/t(z) \qquad (1.2.20^*)$$

Chapter 2:

p. 60:

$$\left|dr/dw\right| = (\partial p_C/\partial w)/(\partial p_C/\partial r) = a_{LC}/a_{KC} \qquad (2.2.9)$$

p. 62, line 7:

for unit isoquants $K_j/L_j = a_{Kj}/a_{Lj}$, …

p. 63,64: References to Figure 2.1(a) should be to Figure 2.1(b).

p. 86, para. 3, last line:

…available quantity of input *v* in the integrated economy.

p. 92, line 3 after equation (2.5.4):

$$\sum_i q_{ij} = 1.$$

p. 92, para. 2, lines 2-3:

…make up for a larger share than in food.

p. 96, line 3 after equation (2.6.4):

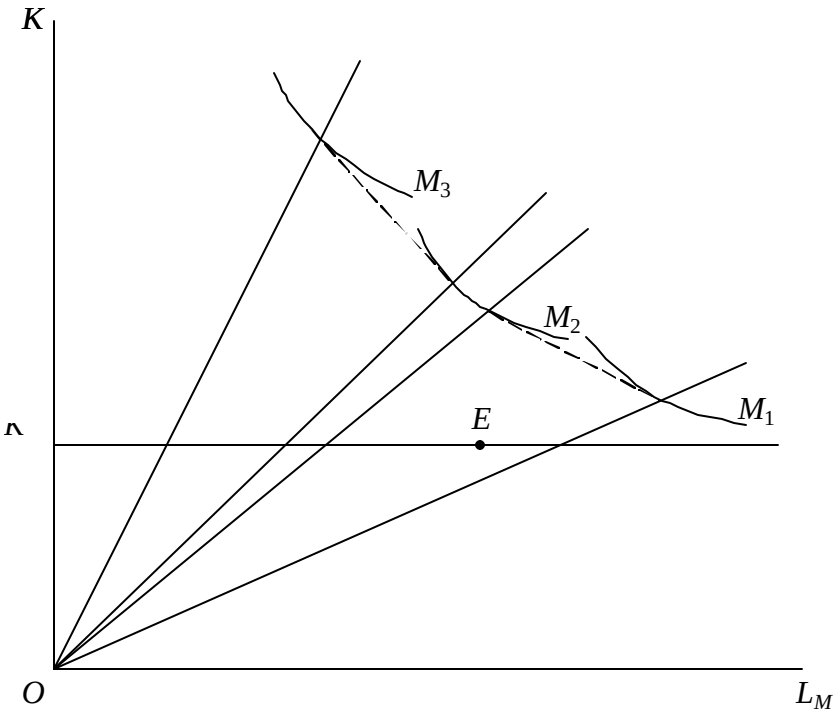
$$\sum_j l_{ij} = 1.$$

Chapter 3:

p. 133, next to last line before figure:

…given in Figure 3.2 by point E^1.

p. 143, top panel: The straight lines from the origin should cross isoquants at the points of tangency with the dashed lines, which should be straight:

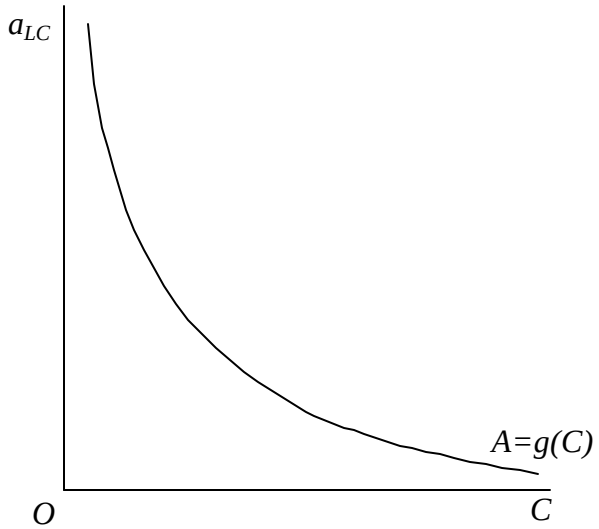


Chapter 4:

p. 164, first line after equation (4.3.5):

…assume that $a_{LC} = 1/L_C$. Then $C = L_C^2$.

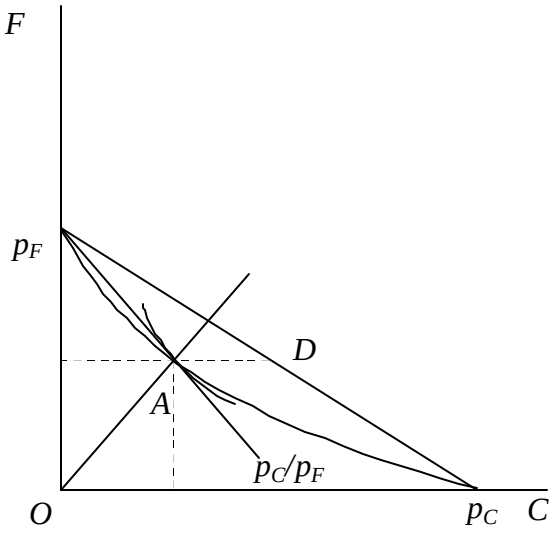
p. 164, Figure 4.2: Curve should approach the horizontal axis:



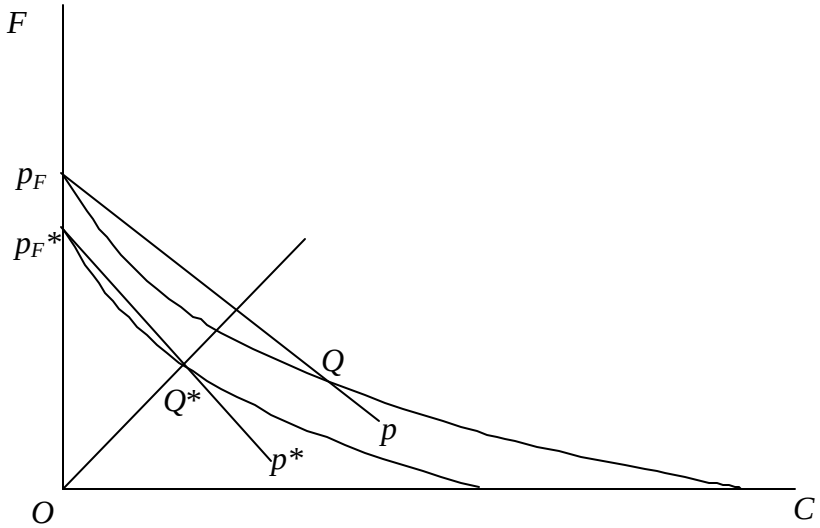
p. 165, line 4-5 from bottom:

…the no-trade equilibrium is also unstable when there is trade.

p. 166, Figure 4.4: Point *D* should be at the same value of *F* as point *A*:



p. 168, Figure 4.5: Straight lines should not be tangent to the curves, but should instead start from their vertical intercepts and cross them:



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Chapter 5:

p. 183, last sentence: The last half of this sentence is not correct. In the figure, the autarky price is distorted by monopoly, and trade is *not* determined by relative autarky prices.

p. 195, line 10 from bottom: Omit "costlessly".

p. 199, paragraph 2, lines 3-4:

> …now larger ($m_t > m$ and $m_t > m^*$).

p. 200, Figure 5.8: Label at top left should be K, not K^*.

Chapter 6:

p. 234, Figure 6.2: Far-right column opposite "Traditional manufacturing" should read "Inter-industry trade."

Chapter 8:

p. 284, last line before (8.2.1):

> More formally, if supply and demand are linear, this area is equal to:

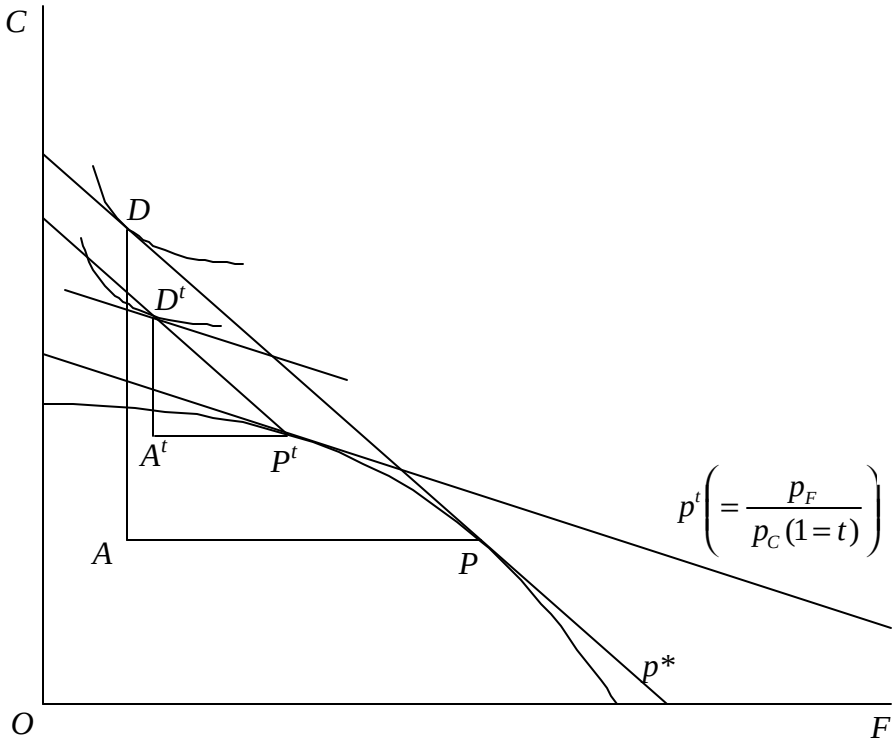
p. 284: The variable t is measured as a specific tariff in (8.2.1), but as an *ad valorem* tariff in (8.2.4) and the line before it. Also, the variable M is the quantity of imports in (8.2.1) through (8.2.3), but it is the value of imports (price times quantity) in (8.2.4).

p. 285, lines 6-8 of first complete paragraph:

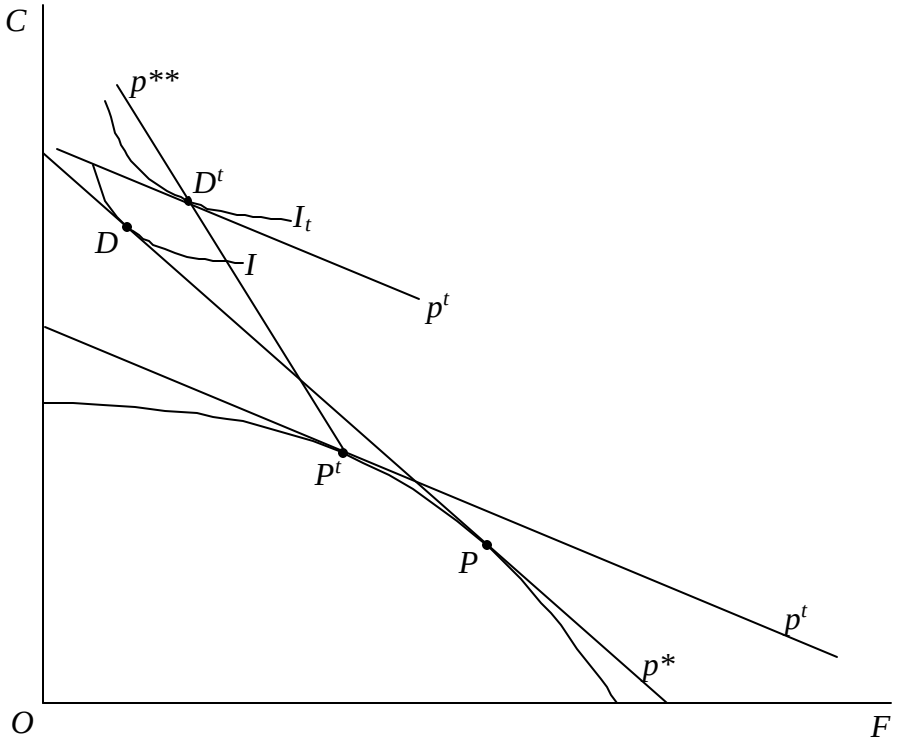
> Suppose that the foreign supply curve S_c^* is then added to the domestic one so that the overall supply results in a total supply curve $S_c+S_c^*$.

p. 286: Likewise, the two right-most supply curves in the left panel of Figure 8.2, should be labeled $S_c+S_c^{*t}$ and $S_c+S_c^*$.

p. 289: In Figure 8.3 (cont.), the indifference curve through point D^t should be tangent to the flatter of the two straight lines intersecting there, and should clearly cross the steeper of these lines, exactly as in the bottom panel on p. 288. Point D^t itself should therefore (with homothetic preferences) be at a lower ratio C/F than point D, and is therefore more likely to lie to its right than its left:



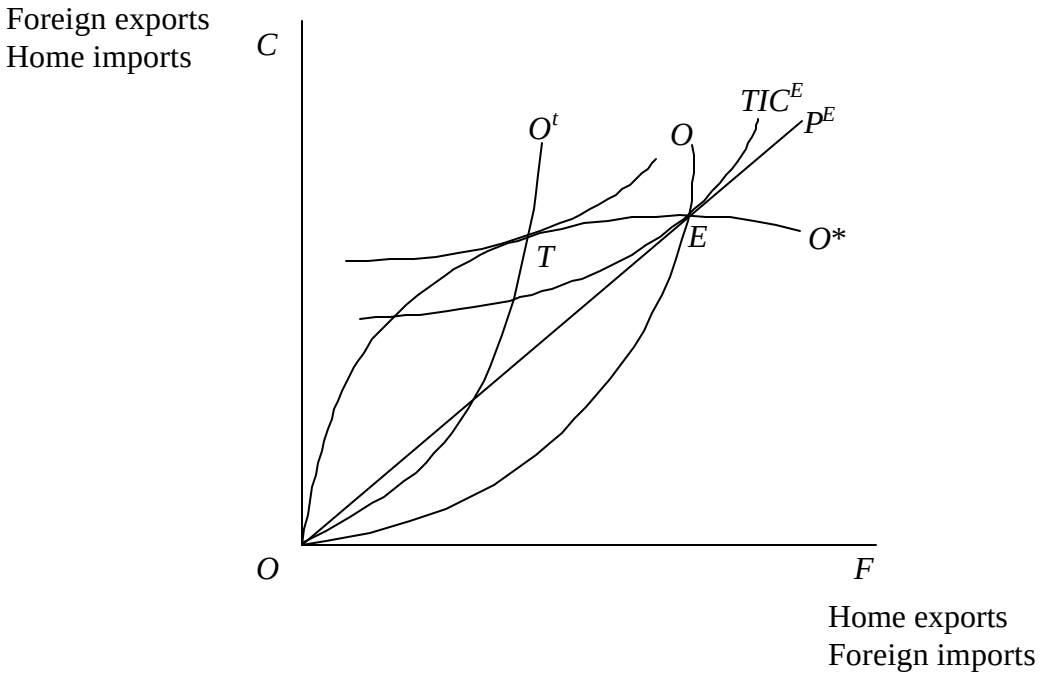
p.295, Figure 8.4: The two indifference curves should reflect the same set of preferences, and therefore I_t should be much further to the right than shown:



p. 296, 2nd line of equation (8.3.15):

$$+ (p^* - p^t) \, dP_t$$

p. 302, Figure 8.7: The TIC^E indifference curve should be tangent to the P^E line at the intersection:



p. 309, line 18 from bottom:

…due to tariff changes the term $p^t dP_t$ in…

p. 313, lines 1-2 of 2nd complete paragraph:

When the rate of the tariff increases to $\bar{p}$, imports will in fact cease.

p. 313, lines 4-5 from bottom:

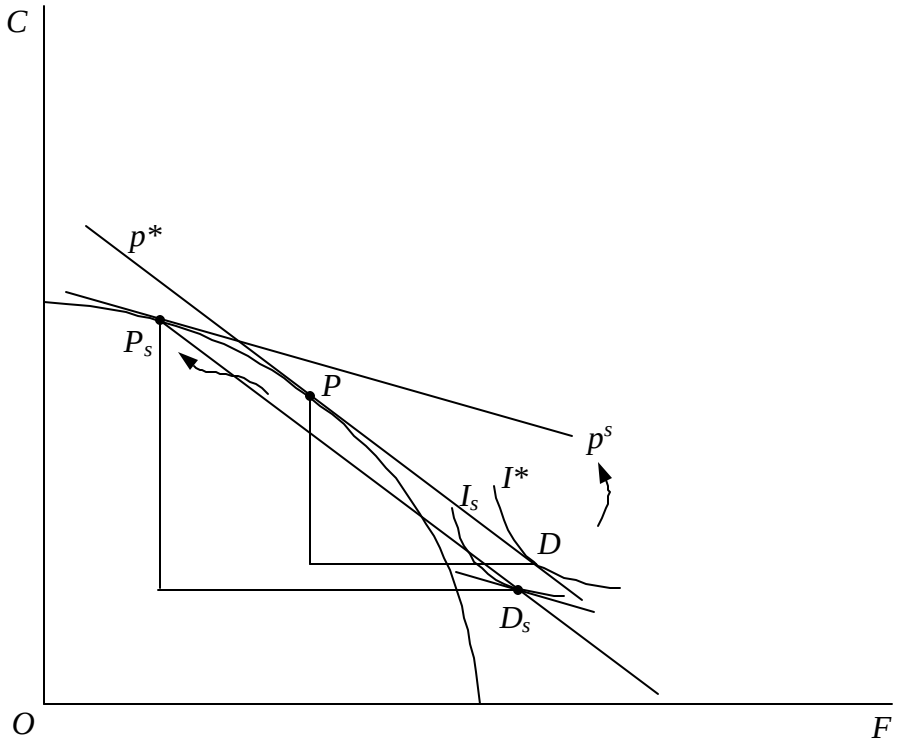
It is obvious from Figure 8.11 that as long as…

Chapter 9:

p. 346, line 5 of 2nd complete paragraph:

It is reduced by the area $a+b$ in panel (a)…

p. 347, Figure 9.6, right panel: Indifference curve I_s should not be tangent to the price line through P_s, but should instead should have slope equal to the domestic price, p_s, which is the slope of the PPF at P_s:



p. 350, line 17 from bottom:

…those that are international or transnational (global), such as…

p. 355, line 15 from bottom:

…more successful in linking trade to labour standards…

Chapter 10:

p. 361, line 6 before equation (10.2.2):

…domestic relative price p_p is steeper than…

p. 363, line 14:

Consequently it will consume at D', on the lower…

p. 372, line 9 of 2nd paragraph:

An import tariff changes the domestic price in …

Chapter 11:

p. 388, lines 13-14:

Then by following basic formula of (11.3.2) we can write:

$$ERP_j = \left\{ \left[(1+t_j) p_j^* - \sum a_{ij} (1+t_i) p_i^* \right] - \left[p_j^* - \sum a_{ij} p_i^* \right] \right\} / \left[p_j^* - \sum a_{ij} p_i^* \right]$$

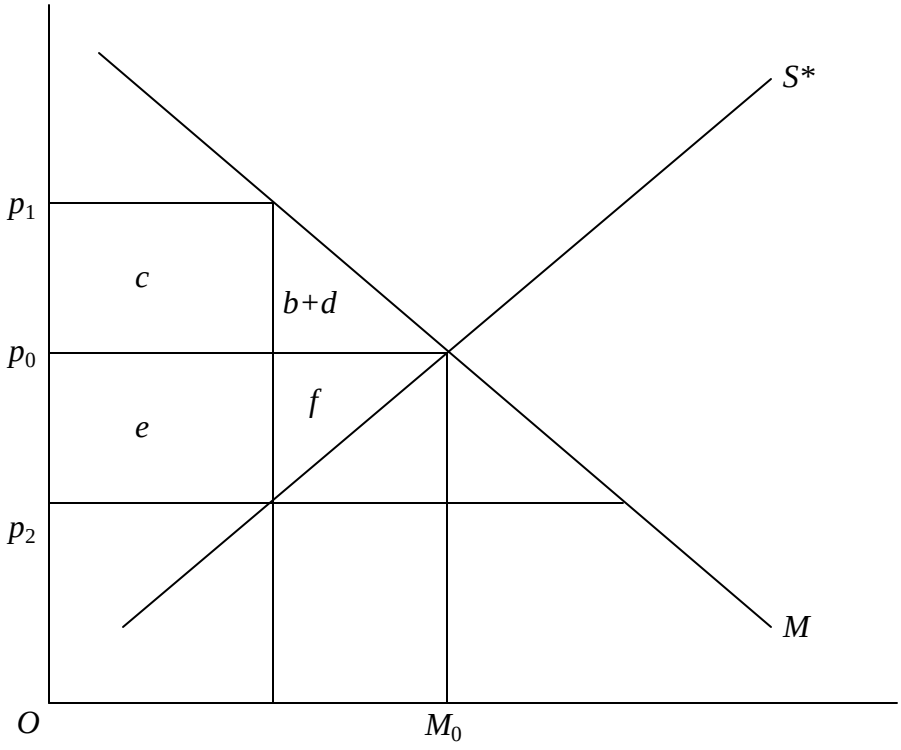
p. 388, equation (11.3.3a):

$$ERP_j = \left[t_j - \sum c_{ij} t_j \right] / \left[1 - \sum c_{ij} \right]$$

p. 388, line 6 from bottom:

(c) the higher is the input coefficient (if $ERP > 0$).

p. 398, Figure 11.2:



p. 398, line 3:

…and a quantity of $Q_0 - S_1$ is imported at that price.

p. 398, lines 7-8:

Area *c* represents a part of the rents associated with the import quota.

p. 399, line 14:

…is possible that $c < f$, in which case the rest of the world is a net loser too.

Chapter 14:

p. 457, Figure 14.3: In the panel on the right, "q_F^U" appears twice. The one on the left (below F_U) is correct and the other should be deleted.

p. 463, Figure 14.4: