Lecture 25

- Trade in intermediate goods
- Imperfect competition
- Growth and technology transfer
- Growth in factor endowments and international factor movements
  (The Specific Factor Model)
Imperfect Competition

- International cartels
  - The OPEC
- Inter- vs. intra-industry trade
  - Cars, electronics, etc.
  - Reasons: pp. 194-195
- Dumping and anti-dumping
  - Steel, memory chips
- Anti-trust regulations
  - Roche & BASF case
Growth and R&D

- The product cycle theory:
  - Figure 1 on p. 178
  - Case Study 1 on p. 179
- The leap frogging theory:
- The Linder theory:
  - Overlapping demand
- The Krugman model:
  - Product differentiation in automobiles
    (Case study 3 on p. 188)
- Growth and the PPF: (Chp. 11)
Specific Factor Model

- Assumptions: (those different from the H-O model)
  - Three factors: two specific capitals (L, K) + labor (l)
  - Specific capitals are immobile in a country
  - Auto uses only K & l, Corn uses only L & l

- Basic setup: (Figure 1 on p. 232)
  - Division of labor
  - Rents to L and K, wage to L

- Results related to those from the H-O model:
  - R-thoery, H-O theory, S-S theory, FPE

- Applications to international factor movements:
  - Chp. 12