UNIVERSITÉ TOULOUSE 1 CAPITOLE

Année Universitaire 2012-2013
SEMESTRE 2
SESSION 2

MASTER 1 in ECONOMICS
MASTER 1 ECONOMIC ET STATISTIQUE
MASTER 1 ECONOMIC ET DROIT

International economics
/ code : M1S210

Lundi 1er juillet 2013 -

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M. F. CALMETTE

↪ durée conseillée pour traiter **ce** sujet : 1 heure
↪ **ATTENTION** : le nom de la matière et son code doivent être **IMPERATIVEMENT** recopiés sur la copie d'examen

- Let us consider 2 countries H and F. A same homogeneous good is produced by a monopoly in country H and a duopoly in country F. The demand is the same in H and F, given by the inverse function Pi=15 –Di (i=H,F) where Di is the global demand in i. The constant marginal cost is the same $C_H=3$ in Home and $C_F=3$ in foreign
- 1) What are in autarky the produced quantities in each country? What are the autarky prices?.
- 2) Assume now free trade between H and F. Each firm is now able to produce for its own national market and export. For one exported unit each firm must charge a Samuelson Iceberg transport cost : $0<r<1$ is the share of one exported unit arriving at destination. What is the limit value of *r* allowing trade ? Explain your answer
- 3) Determine the firms' reaction functions. What are the produced and exported quantities by each firm if $r=5/6$? What is the open market price in each country? Is there a reciprocal dumping ? Comments.
- 4) Compare the global welfare in autarky and under free trade. Comments
- 5) In a graphic, represent all the possible cases for each pair$\{C_H, C_F\}$and $r=5/6$.