



NTNU – Trondheim
Norwegian University of
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Department of Economics

Examination paper for SØK3525 – International Economics

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Examination time (from-to): 6 hours (09.00 – 15.00)

Permitted examination support material: C / Flg formelsamling: Knut Sydsæter, Arne Strøm og Peter Berck (2006): Matematisk formelsamling for økonomer, 4utg. Gyldendal akademiske. Knut Sydsæter, Arne Strøm, og Peter Berck (2005): Economists' mathematical manual, Berlin.

Calculator Casio fx-82ES PLUS, Citizen SR-270x, SR-270X College eller HP 30S.

Language: English

Number of pages: 1 (front page excluded)

Number of pages enclosed: 0

QUESTION

Present a model of international trade where there is the possibility of rent-seeking. Discuss the equilibrium under free trade, the equilibrium when there is an import quota but no rent-seeking, and the equilibrium when there is an import quota that gives rise to rent-seeking. Compare the gains from free trade in the case where there is no rent-seeking to the case where there is rent-seeking.