

4. Given the following information:

<b>Unit Labor Requirements</b>		
	<b>Cloth</b>	<b>Widgets</b>
Home	100	200
Foreign	60	30

- (i) What is the opportunity cost of Cloth in terms of Widgets in Foreign?
- (ii) If these two countries trade these two goods in the context of the Ricardian model of comparative advantage, then what is the lower limit of the world equilibrium price of widgets?
- (iii) If these two countries trade these two goods with each other in according to the Ricardian model of comparative advantage, what is the lower limit for the price of cloth?
- (iv) What is the opportunity cost of cloth in terms of Widgets in Foreign?
- (v) If these two countries trade these two goods with each other in the following the Ricardian model of comparative advantage, then what is the lower limit for the world equilibrium price of cloth?

[1 x 5 = 5]