Elements of the simple two-sector general equilibrium models.

Definitions

Outputs: X and Y
Inputs: L and K
Prices: p_X, p_Y, w, r

Assumptions

	Ricardian Model	Ricardo-Viner	Heckscher-Ohlin
Production Function	$X = L_x/A_x$	$X = K_x\, g(K_x/L_x)$	$X = K_x\, g(K_x/L_x)$
Factor Allocation	$L = L_x + L_y$	$L = L_x + L_y$	$L = L_x + L_y$ $K = K_x + K_y$

Ricardian Comparative Statics: Small Open Economy

	Endogenous Variables					
Exogenous	w/ p_x	w/ p_y	X	Y	X - C_x	Y-C_y
L						
p_x						
A_x						

Ricardian Comparative Statics: World General Equilibrium

	Endogenous Variables						
Exogenous	w/ p_x	w/ p_y	p_x	X	Y	X - C_x	Y-C_y
L							
A_x							

Ricardo-Viner (Specific Factors) Comparative Statics: Small Open Economy

	Endogenous Variables									
Exog.	w/ p_x	w/ p_y	r_x / p_x	r_x / p_y	r_y / p_x	r_y / p_y	X	Y	X - C_x	Y-C_y
L										
p_x										
K_x										

Heckscher-Ohlin Comparative Statics: Small Open Economy

	Endogenous Variables							
Exogenous	w/ p_x	w/ p_y	r / p_x	r / p_y	X	Y	X - C_x	Y-C_y
L								
p_x								
g								

Policy Question: NAFTA. Should the United States and Mexico eliminate their trade barriers??? What do these models say?