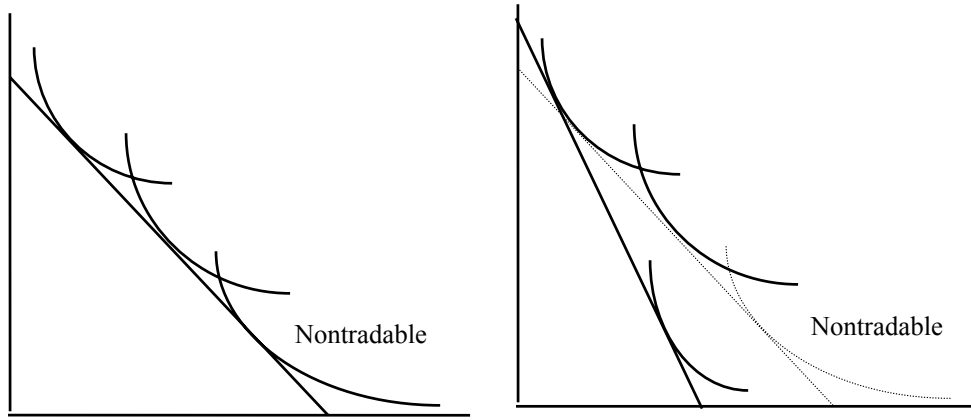
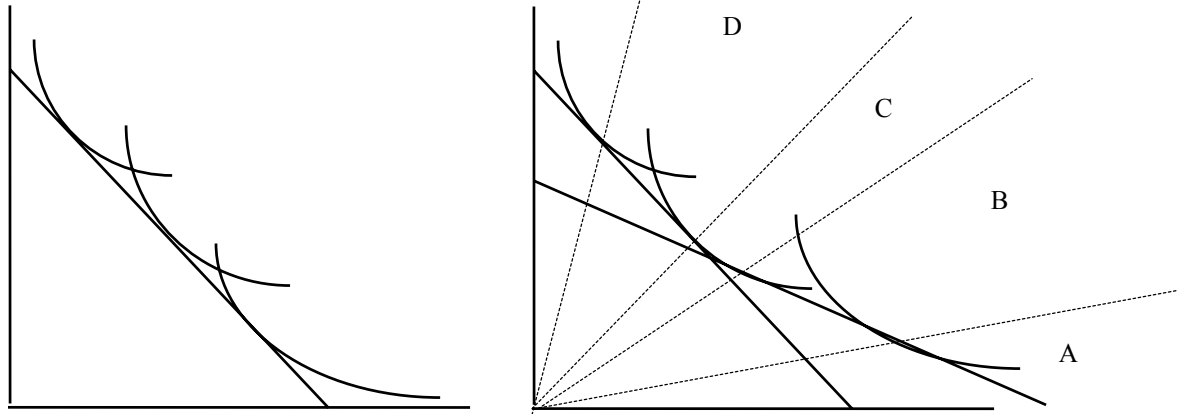


More goods than factors

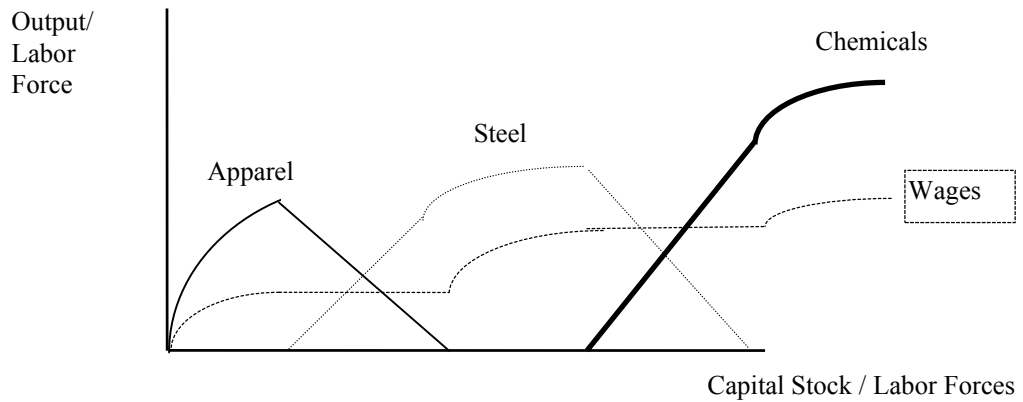
Two tradables and one nontradable



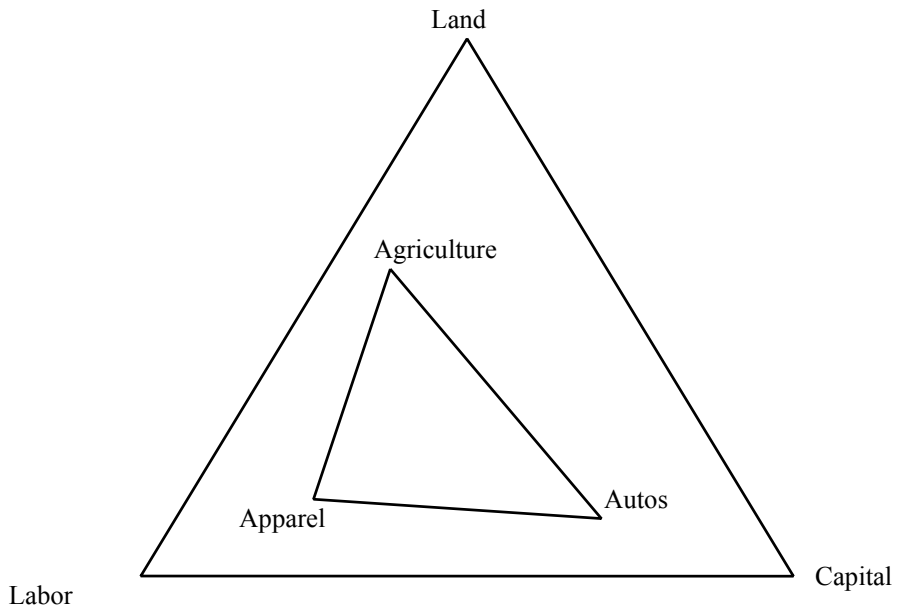
Three tradables



Path of Development: Two inputs

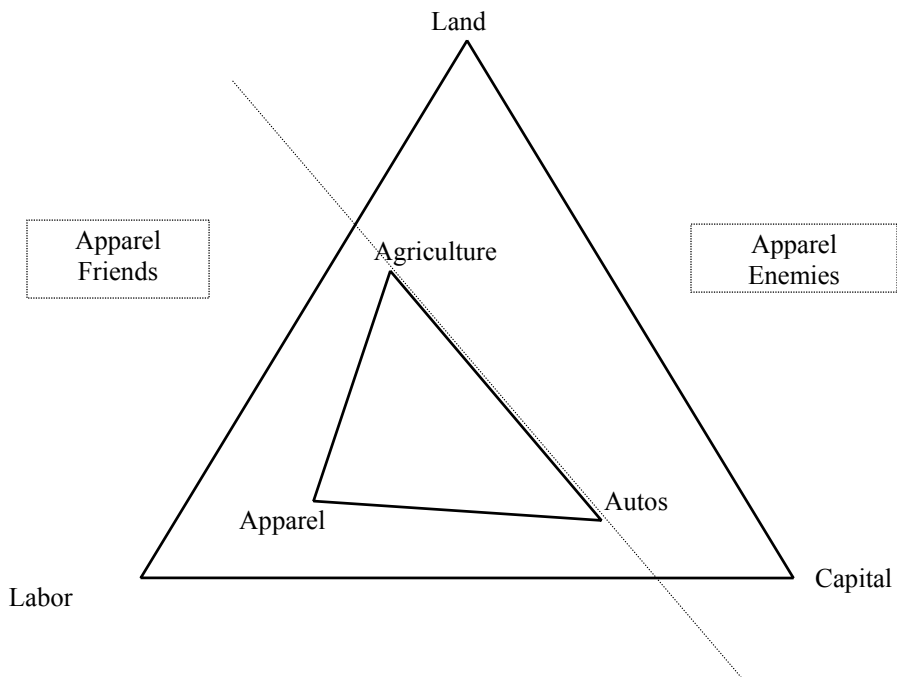


Three goods and three factors



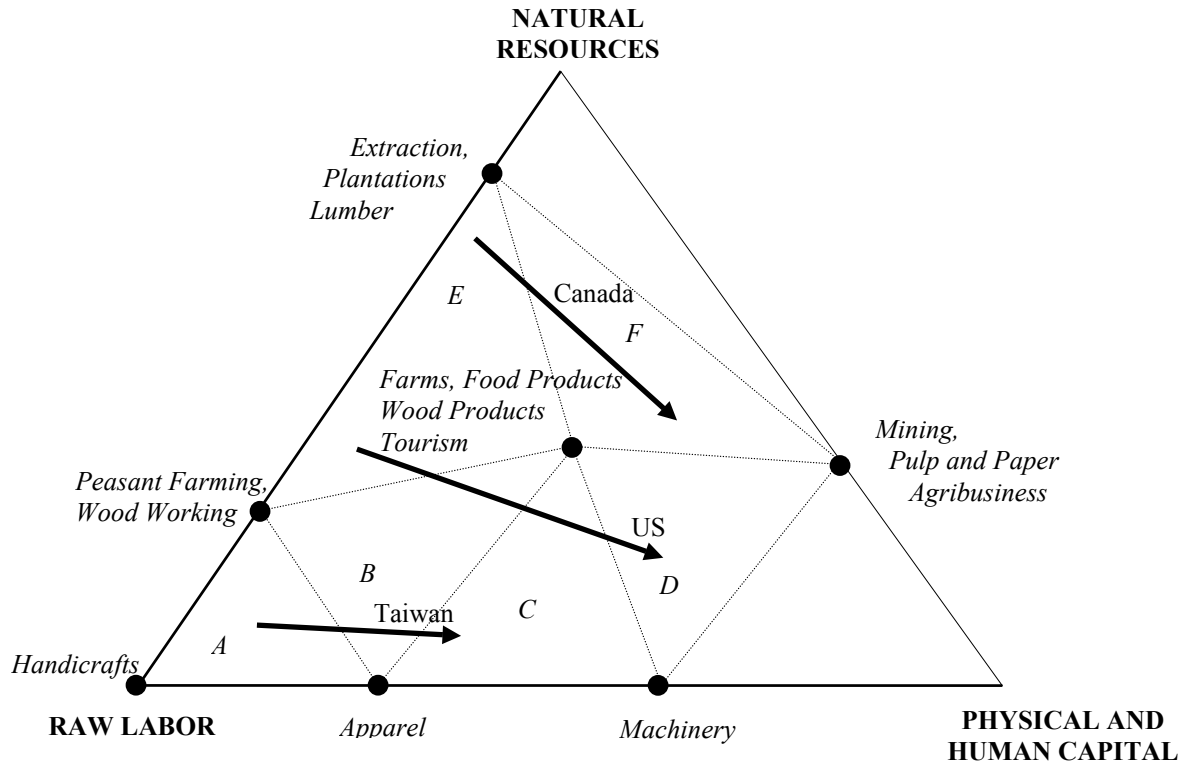
Stolper-Samuelson / Rybczynski Theorems $Aq = v$, $A'w = p$

Every factor has at least one friend and at least one enemy.
 Friends are close, enemies far apart.



Many Goods, Three Factors Paths of Development and Rates of Compensation

Property: Increasing the supply of a factor can lower but cannot increase its rate of compensation.



Effect on Real Levels of Compensation of a Fall in the Price of Apparel

| | A | B | C | D | E | F |
|---------|---|---|---|---|---|---|
| Labor | 0 | - | - | + | + | + |
| Capital | - | - | + | + | + | + |
| Land | 0 | + | + | + | + | + |

Paths of Development

Taiwan Path

