

Solutions

2.1 In A, one cloth costs $3/6 = 0.5$ grain and one grain costs $6/3 = 2$ cloth. In B, one cloth costs $4/4 = 1$ grain and one grain costs 1 cloth. A has comparative advantage in cloth; B in grain. A obtains one grain for 1.5 cloth instead of producing it at a cost of two cloth. B receives 1.5 cloth for grain costing it one cloth. The stated trade ratio lies between one and two cloth per grain. Feasible production and transport costs must still be checked; no distribution claim follows automatically. Authored points for method, application and condition.

3.1 Depreciation can raise domestic-currency import prices while contracts and limited substitutes slow quantity adjustment. Import spending alone does not establish the whole current account or refute an opportunity-cost model. A tariff recommendation needs a specific objective, effect on consumers and input users, adjustment and retaliation evidence, and a comparison with feasible alternatives. Set a review condition rather than infer permanent protection from one observation. This is introductory interpretation; detailed IA2 trade, integration and exchange-rate analysis remains held. Authored points for judgement, case-linked reasoning and qualification. Accept justified alternatives.