

Economics 452 Notation for Ricardian Model in Chapter 3

<i>Unit Labor Requirements (constant)</i>	
a_{LC}	Home unit labor requirement for cheese = how many units of labor needed to produce one pound of cheese in the home country
a_{LW}	Home unit labor requirement for wine = how many units of labor needed to produce one gallon of wine in the home country
a_{LC}^*	Foreign unit labor requirement for cheese
a_{LW}^*	Foreign unit labor requirement for wine

<i>Labor Supplies (constant)</i>	
L	Home labor supply = how many units of labor available in the home country
L^*	Foreign labor supply

<i>Quantities Supplied (variable, specific values constant)</i>	
Q_C	Home quantity supplied of cheese = pounds of cheese home country produces [\bar{Q}_C is maximum cheese home can produce]
Q_W	Home quantity supplied of wine = gallons of wine home country produces [\bar{Q}_W is maximum wine home can produce]
Q_C^*	Foreign quantity supplied of cheese [\bar{Q}_C^* is maximum cheese foreign can produce]
Q_W^*	Foreign quantity supplied of wine [\bar{Q}_W^* is maximum wine foreign can produce]

<i>Quantities Demanded (variable, specific values constant)</i>	
D_C	Home quantity demanded of cheese = pounds of cheese home country consumes [\bar{D}_C maximum cheese home country can consume]
D_W	Home quantity demanded of wine = gallons of wine home country consumes [\bar{D}_W maximum wine home can consume]
D_C^*	Foreign quantity demanded of cheese [\bar{D}_C^* is max cheese foreign can consume]
D_W^*	Foreign quantity demanded of wine [\bar{D}_W^* is maximum wine foreign can consume]

<i>Relative Demand, Relative Supply, and Relative Prices (variable, specific value constant)</i>	
RS	World relative supply of cheese to wine = pounds of cheese divided by gallons of wine produced in the world [\tilde{RS} is value when each country produces only its comparative advantage good = home max cheese divided by foreign max wine]
RD	World relative demand for cheese to wine = pounds of cheese divided by gallons of wine consumed in the world
P_C/P_W	Free trade relative price of cheese to wine = gallons of wine have to export in order to import one pound of cheese under free trade
$(P_C/P_W)^A$	Home autarky relative price of cheese to wine
$(P_C/P_W)^{A*}$	Foreign autarky relative price of cheese to wine