



[Summary]

[International Trade Theory (Part-2)]

Subject:	Business Economics
Course:	B.A., 5 th Semester, Undergraduate
Paper No. & Title:	Paper – 541 International Economics
Unit No. & Title:	Unit – 1(One) International Trade Theory
Lecture No. & Title:	2(Two): International Trade Theory (Part-2)

Summary:

Comparative cost advantage theory can be explained with the help of opportunity cost theory. Opportunity cost reflects forgone production of other commodities. The nation will specialize in the production the commodity in which opportunity cost is relatively lower. This theory does not assume the labor value as the cost of production. The opportunity cost is explained by production possibility frontier.