



[Summary]

[Heckscher-Ohlin Theory & General Equilibrium Framework of International Trade]

Subject:	Business Economics
Course:	B.A., 5 th Semester, Undergraduate
Paper No. & Title:	Paper – 541 International Economics
Unit No. & Title:	Unit - 2 Factor Endowment and Heckscher-Ohlin Theory
Lecture No. & Title:	1: Heckscher-Ohlin Theory & General Equilibrium Framework of International Trade

Summary:

Heckscher and Ohlin have given the modern version of the international trade theory with the help of general equilibrium approach. According to this theorem, a nation will export the commodity whose production requires the intensive use of nation's relatively abundant factor and import the commodity whose production requires intensive use of nation's relatively scarce factor. In other words, capital-rich nation exports capital-intensive commodity and imports labor-intensive commodity. Similarly, labor-rich nation exports labor-intensive commodity and imports capital intensive commodity.