Firstly, it adopts a more realistic framework as compared to Ricardian AssumptionTwo sectors: Shoes" and Computers production of shoes is "labor-intensive"Heckscher-Ohlin Model The basic ideas of the Heckscher-Ohlin theory can be conveyed in a simple scenario in which technology is assumed to be very rigid. So a skill-intensive The Heckscher-Ohlin (HO) model was developed by two Swedish economistsEli Heckscher (in a article) and his student Bertil Ohlin (developed Heckscher's ideas The dominant model of comparative advantage in modern economics, the so-called Heckscher-Ohlin model,is a theory of long-term general equilibrium in which the two Heckscher-Ohlin theory offers an elegant model for organizing global history, and it shows what happens when we put some empirical content into world history rhetoric Heckscher-Ohlin trade theory (H-O Theory) is re-examined for the nature of China's foreign trade, i.e. Ohlin () stressed the effect which free trade would tend to have on the distribution of income within coun-tries, viz. Assumptions of the Heckscher-Ohlin Model AssumptionTwo factors of production, L and K, can move freely between the industries. Many elaborations of the model were provided by Paul Samuelson after the s, and thus sometimes the model is referred to as the Heckscher-Ohlin-Samuelson (HOS) model The dominant model of comparative advantage in modern economics, the so-called Heckscher-Ohlin model,is a theory of long-term general equilibrium in which the two factors are both mobile between sectors and the cause of trade is different countries having different relative factor endowments HECKSCHER-OHLIN MODEL Main theory of trade over pastyears has been the Heckscher-Ohlin (H-O) model Key assumptionsproduction functions exhibit constant returns, good X is labor-intensive, good Y is capital-intensive in productiontechnology is the same across countrieslabor and capital are fixed in supply, and are The Heckscher-Ohlin (HO) model was developed by two Swedish economistsEli Heckscher (in a article) and his student Bertil Ohlin (developed Heckscher's ideas further in his dissertation). The HO model differs from the Ricardian model along two dimensions. It expands upon the Ricardian model largely by introducing The chapter then moves on to examine the factor proportions theory of trade, as originally developed by Eli Heckscher and Bertil Ohlin. By this is meant that there is only one way to produce clothing—a LC and a KC represent fixed input-output coefficients depict-ing how much labor and how much capital are required to produce a unit of clothing The factor proportions model was originally developed by two Swedish economists, Eli Heckscher and his student Bertil Ohlin, in the s. The Heckscher-Ohlin (H-O; aka the factor proportions) model is one of the most important models of international trade. It is not a great theoretical triumph to identify conditions under which countries rich in petroleum ied in Heckscher–Ohlin theory. the relative capital intensity (capital-labor ratio) of export and According to the Heckscher-Ohlin factor-proportions theory of compar-ative advantage, international commerce compensates for the uneven geographic distribution of productive resourcesThis is obvious in some respects but not so obvious in others. While the Ricardian framework focused on Theorem(Heckscher-Ohlin) A country will export the good that intensively uses its relatively abundant factor of production. relative factor prices would move in the direction of equality between trading countries which 'smentor, Heckscher, went even further in his pioneering Introduction. As well as the H-O theorem, there are a number INSIGHTThe Heckscher-Ohlin Theorem: A country exports those goods that use intensively the factors in which the country is abundantly supplied.