more of labour relative to capital bz cloth is labour intensive. As a result, wage increases relative to rent in home country. On the other hand, P_C/P_F ↓ in foreign country. So, producer in foreign country prefers to produce food, but to produce more food, they require more capital relative to labour. As a result rental cost of capital increases relative to wage. So, (w/r) decreases. Therefore after trade, factor prices get equalized. We must note that it is only relative factor price that gets equalized, but not the absolute ~~f~~ factor price → Check

limitation

1) We must note that factor price equalization theorem will hold only if assumption of H-O Model holds. However usually factor prices are not equalized because :-

a) Factor Intensity between Countries are generally different while theorem assumes it as same.

b) The theorem assumes that goods price are equalized after trade which is not the case due to barriers on trade.

c) It assumes that both countries produce both goods but in reality there could be complete specialization