Many-cone World?*

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Abstract

The breakdown of single-factor price equalization, or a single-cone world, is one of the central concerns in various fields of economics. This paper examines the empirical validities of the following two claims: 1) the multiple-cone Heckscher–Ohlin (HO) model fits better than the single-cone HO model; 2) increases in the number of cones improve the fit of the model. One of the contributions of this paper is that it focuses *simultaneously* on factor endowments, production patterns, and wage disparities across economies. My empirical results support the first claim but not the second claim. The results suggest that although the multiple-cone model performs better than the single-cone model, a small number of cones may be optimal.

Key words: multiple cones; Heckscher–Ohlin model; wages; sectoral production patterns; human capital
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