Kiyota Kozo

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.