

## **Globalization and the Frontier: 1870-1930: the Canadian Prairies**

Knick Harley

Department of Economics and St Antony's College  
University of Oxford

Preliminary, not to be quoted without permission.

**Abstract:** Recent globalization has directed new interest to the highly globalized international economy just before the First World War. A very significant portion of the recent research has taken Heckscher-Ohlin trade theory and its Stolper-Samuelson theorem about the impact of product price convergence for income distribution as its focus. This paper argues that this approach has formidable weaknesses because much of late nineteenth century globalization involved expansion of continental frontiers of settlement which the theory is ill equipped to confront. The paper's major contribution is to examine the impact of the expanding frontier on factor prices in Canadian wheat boom, a prime example of frontier economy, using a computational general equilibrium simulation benchmarked on Canadian national income in 1926. Simulations of the model demonstrate that the factor price implications of global price convergence in the presence of the frontier contradict the predictions of Stolper-Samuelson.