Frontier Economy Encyclopedia Article

Frontier Economy

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Frontier Economy

An economy similar to that which was prevalent at the "frontier" of European settlement in North America in the eighteenth and nineteenth centuries. A frontier economy is characterized by relative scarcities (and high prices) of capital equipment and skilled labor, and by a relative abundance (and low prices) of **natural resources**. Because of these factors, producers will look to utilize natural resources instead of capital and skilled labor whenever possible. For example, a sawmill might use a blade that creates large amounts of wood waste since the cost of extra logs is less than the cost of a better blade. The long-term environmental effects of high natural resource use and **pollution** from wastes are ignored since they seem insignificant compared to the vastness of the natural resource base.

A frontier economy is sometimes contrasted with a spaceship economy, in which resources are seen as strictly limited and need to be endlessly recycled from waste products.