The Division of Economics and the Economic Growth Centre cordially invite you to a seminar by Dr Ma Lin

**Speaker:** Dr Ma Lin  
*Assistant Professor of Economics*  
*National University of Singapore*

**Topic:** "Globalization and Top Income Shares"

**Chairperson:** Assistant Professor Chen Xiaoping  
*Division of Economics*  
*School of Humanities & Social Sciences*  
*Nanyang Technological University*

**Date:** Wednesday, 10 September 2014

**Time:** 2:30 pm – 4:00 pm

**Venue:** HSS Meeting Room 5 (HSS 04-89)  
*Nanyang Technological University*  
*School of Humanities and Social Sciences*  
*14, Nanyang Drive*  
*Singapore 637332*

**About the Speaker:**
Dr Ma Lin is an assistant professor of economics in the National University of Singapore. Before joining NUS this year, he earned his BA in economics and history from Peking University and PhD from University of Michigan. His main research interests are international trade, income inequality, and macroeconomics.

**Abstract:**
How does globalization affect the income gaps between the rich and the poor? This paper presents a new piece of empirical evidence showing that access to the global market, either through exporting or through multinational production, is associated with a higher executive-to-worker pay ratio within the firm. It then builds a model with heterogeneous firms, occupational choice, and executive compensation to model analytically and assess quantitatively the impact of globalization on the income gaps between the rich and the poor. The key mechanism is that the "gains from trade" are not distributed evenly within the same firm. The compensation of an executive is positively linked to the size of the firm, while the wage paid to the workers is determined in a countrywide labor market. Any extra profit earned in the foreign markets benefits the executives more than the average worker. Counterfactual exercises suggest that this new channel is quantitatively important for the observed surge in top income shares in the data. Using the changes in the volume of trade and multinational firm sales, the model can explain around 33 percent of the surge in top income shares over the past two decades in the United States.

**Reservation:**
Admission is free. Please reply to Director-EGC, e-mail: d-egc@ntu.edu.sg to confirm your attendance.