The Division of Economics and the Economic Growth Centre cordially invite you to a seminar by Assistant Professor Liu Dan

**Speaker:** Assistant Professor Liu Dan  
*School of Economics*  
*Shanghai University of Finance and Economics*

**Topic:** "Market Potential and the Rise of US Productivity Leadership"

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

**Date:** Tuesday, 11 February 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. Dan Liu received her Ph.D. in 2012 from UC Davis. She joined SHUFE in August, 2012. Her research interests include international economics, applied econometrics, economic history, search model in trade, the impact of international trade on firm training, wage inequality, unemployment and education attainment.

**Abstract:**
US leadership in per capita output, apparent from the late 19th century, is frequently attributed to its relatively large domestic market. We test this idea by constructing market potential measures for the US and 26 other countries around 1900 based on a general equilibrium model of production and trade. Cross-sectional estimates suggest market potential explains an economically significant amount of US leadership. We then study the general equilibrium effects of borders on real incomes in a quantitative counterfactual calculation for 1900. While there are gains from trade for all nations, the largest European countries do not entirely close their per-capita income gaps with the US after this hypothetical rise in market potential. On the other hand, many small countries could have done so. Our counterfactual yields the following bottom line: after eliminating differences in incomes due to observables and the elimination of international borders with France, Germany would have had a real income gap against the US of 10% rather than the observed 30%.

**Reservation:**
Admission is free. Please reply to Christina, e-mail: achristina@ntu.edu.sg or Tel: 6790-5689 to confirm your attendance.