PRSE
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ABSTRACT:

ECONOMIC GEOGRAPHY ASPECTS OF THE PANAMA CANAL

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21 May 2019 from 02.00-04.00 p.m.
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This paper studies how the opening of the Panama Canal in 1914 changed market access and influenced the economic geography of the United States. We compute shipment distances with and without the canal from each US county to each other US county and to each international port and compute a resulting change in domestic, international, and total market access. We then relate this change in market access to population changes in 20-year intervals from 1880 to 2000. We find that a 1 percent increase in market access led to a total increase of population by around 2 percent. When we decompose the effect by industry we find that tradable (manufacturing) and non-tradable (services) industries seem to react in similar ways.

(Stephan Maurer and Ferdinand Rauch)