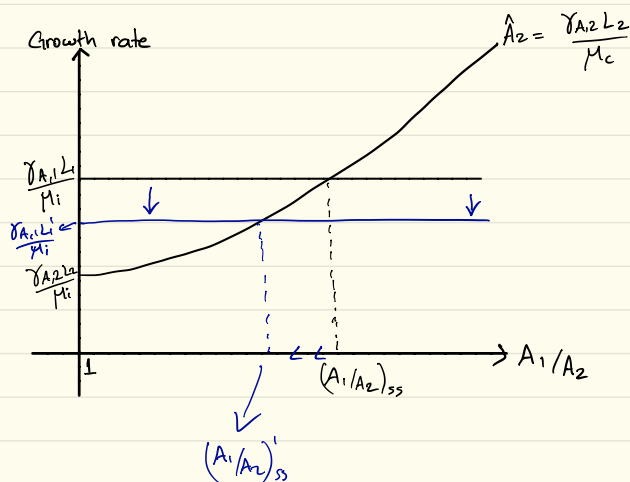


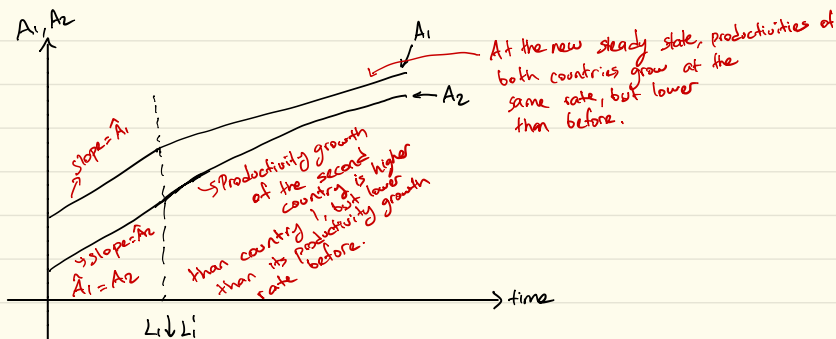
Suppose, country 1 is the technology leader.  
Then,  $A_1 > A_2$ .

$$\hat{A}_1 = \frac{\gamma_{A,1} L_1}{M_1}, \quad \hat{A}_2 = \frac{\gamma_{A,2} L_2}{M_2}$$

Suppose  $L_1 \downarrow$  to  $L_1'$



Here, I assumed that  $L_1$  does not go down too much, i.e.  $\gamma_{A,1} L_1' > \gamma_{A,2} L_2$



Trajectory of output per worker is similar to trajectory of productivity.