

## Assignment #11,

This assignment is due in class on 5/1. I have posted on the web site a spreadsheet with data on manufacturing in Canada, Mexico and the United States. The data are in millions of units of the local currency.

1. Plot exports as a share of production in Canada, Mexico, and the United States from 1970 to 1999 (Mexico will be a blank prior to 1990).
2. Plot the share of spending devoted to local production in Canada, Mexico, and the United States from 1970 to 1999 (Mexico will be a blank prior to 1990).
3. If a country's trade is balanced, so that exports = imports, show how the measures you plotted in 1 and 2 above are related to each other.
4. Use the expression I discussed in class for the productivity gains attributed to trade. Which country was gaining the most from trade in 1970? How about in 1999?
5. Setting the parameter "beta" to 2, what can you say about each country's gain in productivity due to increased trade between 1970 and 1999?