

Assignment #5,

Due in class, on 2/27.

The assignment is to work with some data from the IMF and the OECD on GDP per capita. Both sets of data are on the course web site (the IMF is an excel spreadsheet and the OECD is a pdf file). From the IMF data create a small spreadsheet of Real GDP per capita from 1970-2002 for just Canada, Mexico, and the United States.

1. Calculate the annual rate of growth of real GDP per capita in each of the 3 NAFTA countries over the period 1970-2002 (see the formula from assignment 4).
2. Get the OECD data for each of the 3 NAFTA countries on per-capita GDP in 2000 at current prices using current PPP's in US Dollars (it's in the fourth column of numbers on page 12 of the pdf file). This OECD data is a good measure of the standard of living in each country as of 2000. Calculate the standard of living in Mexico relative to the United States in the year 2000.
3. Now combine the information from question 2 and 3. I want you to create a measure of the standard of living in each of the 3 countries from 1970-2002. On the IMF spreadsheet, I show how to do this for Canada. (The basic idea is to multiply the IMF series for a country in each year by the ratio in the year 2000 of the OECD to the IMF series.) Create a nice time-series graph showing how the standard of living has evolved over time in the three countries. You may want to use a log scale. Is Mexico catching up?