

Fragmentation, vertical specialization, manufacturing exports and economic growth in Mexico

Topic: Issues in input-output economics

Author: Wilmar Ascarraga

Co-Authors: Gerardo Fujii

There is a widespread belief that exports, especially manufacturing ones, contribute to accelerate economic growth. This approach was diffused in many countries due to the high dynamism of some economies of Asia. According to this proposition, this fact was derived from the encouragement given to manufacturing exports. These ideas were disseminated in Latin America since the eighties of the last century, which led to the economic opening of the region and the promotion of exports. In the recent decades, one country that has shown a high growth of manufacturing exports, particularly of medium and high-technology, is Mexico. However, the country's economic growth has been unsatisfactory.

The present work attempts to explain this paradox. With this aim, the relationship between exports and economic growth is focused on the multiplier effects of exports on intermediate goods-producing sector.

The empirical evidence of this paper is the 2003 Input-Output table for Mexico, which is studied using graph theory. This allows to:

- Know the intersectorial level of integration and direct influence (direct causality).
- Identify, quantify and analyze the paths of economic influence transmitted in the productive structure (indirect causality).
- Hierarchize sectors by levels so those belonging to higher levels are in a privilege position to pull economic sectors located at lower levels (strict causality).

These aspects allow to solve the limitations of input-product analysis and to contribute better understanding of the relationship between productive articulation, exports and economic growth. One corroborates the conclusions calculating the vertical specialization, outsourcing of Mexico and comparing them with countries of the OECD and Asia.