FOREIGN TRADE, CAPITAL FORMATION AND INVESTEMENT IN THE ECONOMIC DEVELOPMENT OF MEXICO 1993 â€“ 2020.

Topic:
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Since the 1990s, Mexico has transformed into a manufacturing-exporting country, including some with complex technologies; however, the rapid growth of this variable bears little relation to the overall expansion of the economy. Two concepts in structural analysis help study the limited relationship between foreign trade and growth in the Mexican economy: the investment multiplier contained in the value of exports and the capital formation multiplier contained in the value of exports. The amounts and the type of goods traded threaten growth as they inhibit investment or capital formation. This paper discusses multipliers and suggests measuring the effects of using domestic and imported inputs on growth, focusing on capital formation and capital stocks.