# TRADE BETWEEN ADVANCED AND UNDERDEVELOPED COUNTRIES A PASINETTI MODEL MEXICO-US 2013-2018

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Author: Pablo RUIZ NAPOLES
Co-Authors: CASTAÃ‘EDA LEÃ“N JAVIER

Abstract

In this work, we construct an empirical model based on Pasinettiâ€™s Input-Output Structural Growth model (1981) to analyze trade between an advanced country, (the United States) and an underdeveloped country (Mexico) during the period from 2013 to 2018. Pasinetti' hypothesis is that in these cases it may occur a sort of unequal exchange like predicted by Raul Prebrisch (1959) - a famous latin american structuralist. This happens when some mathematical conditions are proved with data to show productivity gains transfers and terms of trade worseing in favor of the developed country. This model uses I-O matrices from US' and Mexico's official sources and includes capital matrix information also from official sources to implement the Pasinetti abstract model. Each variable is measured in comparable units. The results clearly show that Mexicoâ€™s terms of trade with the US worsen; there are not gains from trade in terms of productivity for Mexico, but leakages of productivity gains from Mexico to the US in the period analyzed of US-Mexico bilateral trade. That is to say Pasinetti's hypothesis about unqueal exchange between US and Mexico during the period 2013-2018, is proven, despite the alleged benefits from NAFTA. in favor of Mexico by the US administration.