- Intuitive question: Do industries that import larger shares of their commodity inputs employ more productive workers?

  Imports/Commodity Inputs and Direct Jobs/$10 million of Industry Exports (5 & 10)

There is no *a priori* reason to believe that industries that import a relatively large share of their commodity inputs would tend to employ either more people per dollar of exports or fewer people per dollar of exports. In the I-O model, industries use the same capital-labour ratio in the production of exports and intermediate inputs. Inputs come from foreign and domestic sources, and there is no obvious linkage between reliance on imported inputs and employment per dollar of exports.

The correlation coefficient between imports/commodity inputs and direct jobs/$10 million of GDP is -.24, signalling a very weak, but not entirely insignificant, negative correlation. A stronger relationship would imply that <u>industries that rely more on imported inputs tend not to generate as much employment in their production of exports</u>. This can be viewed in a positive or negative light. On the negative side, one can point out that industries that rely more on imported inputs do not generate as much employment in domestic input industries, or in their own industries. On the positive side, industries that rely on imported inputs may appear to be more productive (in terms of labour productivity, not total factor productivity), since they employ fewer people to produce the same dollar value of exports. As was pointed out in Section 5.1, however, there are problems associated with using the direct jobs/industry export ratio to measure an export industry's labour productivity. It is GDP (i.e., value-added) per worker, not exports per worker, that should be used for labour productivity comparisons.

- Intuitive question: Do industries that import larger shares of their commodity inputs employ more productive workers?

  Imports/Commodity Inputs and Direct GDP/Direct Jobs (5 & not in tables)

The relationship between imports as a share of commodity inputs and direct jobs per $10 million of industry exports reveals that industries that tend to import more of their inputs do not generate as much direct employment in the production of exports. The positive spin is that these industries are more "productive". Checking for a statistical relationship between imports as a share of commodity inputs and direct GDP per direct job will test whether the industries are in fact more productive.