Prices and income distributions in Miyazawa models

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Miyazawa's work (Miyazawa, 1976) played an important role in linking income distribution impacts to input-output systems. His work opened the door to study income distribution mechanisms in an input-output framework by endogenizing consumption bundles of specific income groups. The resulted multiplier matrices allow analyzing how shifts in final demand may affect different income groups. In other words, by linking the demographic and economic parts of an economy, revealed the effects of changes in economic actions on income distributions.

However, in a Miyazawa context the role of prices and price formation in studying income distribution problem has not been addressed satisfactorily up to now. This paper addresses the gap in the existing input-output literature regarding this issue. We present a theoretical basis for obtaining equilibrium prices in Miyazawa type models and explain how these can help us to analyze shifts in income distribution following exogenous impulses. The proposed method thereby closes a persistent gap in input-output methodology.