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TITLE: THE ECONOMIC AND ECOLOGICAL IMPACT OF CONSUMPTION EXPENDITURES BY HOUSEHOLDS CATEGORIES: AN INPUT-OUTPUT ANALYSIS

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ABSTRACT:

When they take social measures, policy makers need some evaluation of the impact on national economy. For example, in a Keynesian way, we can analyse the impact of a reflation programme on domestic economy through the savings rate and propension to consume. The fact that low-earnings households have a higher propension to consume may lead to the theory of reflating the 'low salaries'. In an input-output way, we also have some information on the structure of national demand and its impact on domestic economy. The different social classes do not have the same structure of consumption expenditures. Thus, depending on households categories focused by social measures, impacts on the system of production and intermediate consumption may not be the same. What is the impact on domestic supply and the composition of added value and, in fine, on gross domestic product, of the lower-earning household's consumption expenditures? Do they generate more or less employment than the higher-earning household's consumption expenditures? In the paper we use an input-output model to evaluate the direct and indirect impacts of consumption expenditures by households subcategories on national economy. Because of difference on composition of consumption expenditures, the economic impact could depend on type of households. Impacts will be studied by household's subgroups. First, we break down consumption expenditures according to four criteria: income level, social status, age and family structure. Then, by using an input-output analysis, we quantify and compare the impact on national economy of this different profile of household's expenditures. Through the analysis of intermediate consumption process and multipliers, we evaluate the effects on economy of household's consumption expenditures by social subcategories. Indicators will be given by social classes: the amount of production, added value, employment, imports, associated with 1 000 euros of consumption expenditures. One of the objectives of the paper is to enlighten the debates on the impact of social measures addressed to low or high-earning households, but we will go a step further by taking into account the environmental impact of the consumption expenditures. Indeed, the input-output model by social categories allows us to test the hypothesis of environmental



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curve of Kuznets at a national stage. Satisfying the national demand requires an industrial process of intermediate consumption, which leads also to ecological pressures. We will focus on the effects in terms of air emission: CO₂, SO₂, other gas. In France, 70% of CO₂ emissions are linked with the intermediate consumption process. The input-output model will re-affect these air emissions to each product. The results are some indicators of ecological footprint given by households subcategories. Data used are data from national French national accounts, survey on household's budget, symmetric input-output tables Namea Air Matrix.