

Merging the Hypothetical Extraction Method and the Classical Multiplier Approach: A Hybrid Possibility

Topic: Key sectors and multiplier analysis

Author: Ana-Isabel Guerra

Co-Authors: Ferran Sancho

There are two methodologies within the input-output approach liberally used in applied analysis: the Hypothetical Extraction Method and the Classical Multiplier Method. Among analysts, there is neither consensus about which of them is the most appropriate tool nor about their discrepancies. This paper tries to shed some light over these still open questions proposing a hybrid possibility. This hybrid model allows isolating the out-sectoral effects from those that merely come from self-supply. The main advantage of merging the two approaches stems from measuring sectors' forward and backward "keyness" in terms of both economy-wide impacts and their sectoral distributive effects.