

A Comparison of Input-Output Models: Ghosh reduced to Leontief

Topic: Key sectors and multiplier analysis

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At present, the Ghoshian model is considered as an appropriate theoretical framework under which, among others, energy and environmental issues should be empirically analysed. Furthermore, a hybrid version that merges both the Leontief approach and the Ghosh model is still very much in use. Nevertheless, little reflection has been done at a conceptual level in relation to the formal soundness of these practises. After comparing the similarities and the differences between both models, this paper provides a two-fold contribution. On the one hand we present a novel interpretation on the plausibility of the Ghosh model. On the other hand, we show and formally justify the implausibility of coherently combining the two input-output approaches in applied analysis. The main raison behind this statement is the simultaneous incompatibility in some of their formal assumptions.