



**International Input-Output Association**

**Working Papers in Input-Output Economics**

**WPIOX 08-005**

**Kijong Kim**

**Hypothetical Integration in a Social Accounting Matrix  
and Fixed-price Multiplier Analysis**

## **Working Papers in Input-Output Economics**

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### **Editors**

Erik Dietzenbacher

Faculty of Economics and Business  
University of Groningen  
PO Box 800  
9700 AV Groningen  
The Netherlands

[h.w.a.dietzenbacher@rug.nl](mailto:h.w.a.dietzenbacher@rug.nl)

Bent Thage

Statistics Denmark  
Sejrøgade 11  
2100 Copenhagen Ø  
Denmark

[bth@dst.dk](mailto:bth@dst.dk)

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**Author: Kijong Kim**

**Title: Hypothetical Integration in a Social Accounting Matrix and Fixed-price Multiplier Analysis**

**Abstract:**

This study proposes a simple modification of Social Accounting Matrix (SAM) to analyze multiplier effects of a *new* sector. A different input composition, or technology, of the sector makes a conventional analysis of final-demand pulling injections on existing sectors invalid. We show that the modification, so called hypothetical integration, is an efficient way to incorporate the difference into the SAM, rather than costly full-scale rebalancing. We apply this method on the case of Expanded Public Works Program in South Africa and show that the proposed approach represents effectively labor intensity requirement of the program and a new factor income distribution..

**Keywords:** Hypothetical integration; Multiplier analysis; Social accounting matrix; Social sector intervention; Expanded public works programme; South Africa

**Archives:** Social accounting matrices; Methods and mathematics; Impact analysis tables

**Correspondence address:**

Kijong Kim  
The Levy Economics Institute of Bard College  
Blithewood  
Annandale-on-Hudson, NY 12504  
USA

E-mail: [kim@levy.org](mailto:kim@levy.org)

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