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TITLE: WHICH INDUSTRIES TO BAIL OUT FIRST IN ECONOMIC RECESSION? RANKING INDUSTRIAL SECTORS BY THE POWER-OF-PULL

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ABSTRACT:

Since the spread out of the economic recession, there have been intense debates on which industrial sectors should receive bail-out funds first from the government. A lot of criteria on the choice of industries for bail-out have been discussed and debated. This paper proposes a quantitative method to rank the Power-of-Pull of the industrial sectors, by analyzing the Input-Output table. The Power-of-Pull of an industrial sector indicates how much its unit change can relatively pull the output of the overall economy through the transactional linkages in the network of industrial sectors. Results from analyzing the United States input-output tables of multiple years show that the health care sector, governmental and public sectors and the motor vehicle sector have been constantly the most important industrial sectors by Power-of-Pull, and should be considered for receiving bailout fund with priority. In fact, this result confirms the industry emphases of the latest stimulus plan of Obama Administration in the United States.