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TITLE: PARTIALLY CLOSED INPUT-OUTPUT MODEL WITH PARTIALLY ENDOGENOUS CONSUMPTION

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ABSTRACT:

In this paper, we disaggregate household consumption into endogenous part and exogenous part. Partially closed input-output model with partially endogenous consumption (PEC-PC-IO model) is proposed based on the disaggregation. It can solve the problem about distorted calculation in partially closed input-output model with endogenous consumption (EC-PC-IO model). We prove that the revenue method and expenditure method for GDP accounting are still equivalent in competitive PEC-PC-IO model. The PEC-PC-IO model of China in 2002 is constructed based on the endogenous consumption coefficient estimated by varying coefficient method. Finally, multipliers calculated from EC-PC-IO model and PEC-PC-IO model are compared.