

Urbanicity and rurality - Islands economies, social accounting within sub-municipality framework

Topic: Input-output applied to social issues I

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Islands economies are normally analyzed within a one-region framework, either with islands as nations or with islands as regions within a nation. In this paper islands are seen as a multi-regional urban / rural system within a region, which in turn is a region within the nation.

In this paper islands economies are analyzed within an interregional social accounting framework based upon the two-by-two-by-two principle. Within this principle two actors (island producers and households), two markets (island commodity and labor markets) as well as origin and destination of internal and external islands flows are identified. Normally analysis of island economies emphasizes the place of production, sectoriel as well as the rural aspects of islands economies. In this paper island economies are analyzed within a fully fledged interregional and urban/rural social accounting framework. Firstly, this involves a distinction between primary income, reflecting place of production and income in production by sector and secondary income, reflecting residential and type of household aspects of the islands economies. Secondly, it involves a distinction between place of residence and place of commodity market, where one part of consumption is external (tourism) and the other is local or island own consumption. Thirdly, production activity (primary income) and residential income (secondary income) are divided according to rural and urban location as well as the internal and external interaction between production and income.

Data from interregional social accounting matrices for Danish municipalities divided into urban and rural areas is presented. Of the 98 Danish municipalities 8 are islands. In the empirical analysis focus is on the distinction between primary and secondary income. The examination reveals that island economy reflect remoteness of islands from urban centres, transportation structure (bridges / ferries), sectoriel structure as well as structure of demand. Finally, it reflects the interest burden for agricultural production in general is high, which in turn reduces the average secondary income compared to the average primary income.

An interregional input-output quantity model for islands economies is presented. Results from multiplier analysis are presented.