

Accounting foundations for interregional commodity-by-industry input-output models

Topic: Interregional analysis

Author: Randall Jackson

Co-Authors: Walter Schwarm

Several procedures for generating interregional commodity flow matrices have been developed in the US recent years (see, e.g., Canning and Wang 2005, Jackson et al. 2006, Lindall, Olsen and Alward 2006). Despite the fact that these methods derive from the commodity-by-industry framework, very little attention has been given recently to the fundamental conceptual issues that must be confronted to generate a consistently defined interregional model or to conduct an interregional impacts assessment using an appropriate interregional framework. This paper revives the focus on interregional modeling issues initiated by Oosterhaven (1984), identifies and elaborates on these and additional issues, and traces the development of the accounting foundations from single-region inter-industry through interregional commodity-by-industry accounts. Its contribution lies in the provision of a high-level perspective on these frameworks that in the process both clarifies and simplifies key conceptual issues and operational decisions.