

A three-block Input-Output model in scenario forecasting and administrative policy providing (practice, problems, hypothesis)

Topic: Input-output analysis for policy making 6

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The paper represents approaches to compile a three-block IO model, which is used for scenario forecasting and evaluation of macroeconomic effects of administrative decisions. Analytical potential of the tool is described.

At the first stage, the author concentrates on the formulation of the two interrelated blocks – the block of output's dynamic evaluation and output's deflator indices evaluation at basic prices and the block of used production at purchasers' prices – under given scenario conditions. At the second stage, the author indicates methodological and information problems of the third investment-capital block which dynamizes the model and proposes approaches to resolve the problems (the approaches are, however, an issue to discuss). The paper provides a set of illustrations with scenario calculations on price reactions of an economic system in response to changes in external and internal macroeconomic conditions (tax policy, world prices and so on).

The paper deals with tools which enable proved administrative decisions in the field of investment policy considering their influence on economic growth. The author provides calculations of direct and indirect macroeconomic effects connected with investment projects implementation in sectors. So, when large-scale investment projects are initiated, the IO tool (particularly, import resources use tables) is necessary to calculate total economic effects. Some points to discuss of the model are shown.