

Inter-Industry Linkages and Sectoral Productivity in Iranian Economy

Topic: Input-output analysis for policy making 2

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Efficiency and Productivity is in fact regarded as the basis of competitiveness and strength of an economy. The productivity level is viewed as a basic index of gauging the health and competitiveness of an industry, or an economy. It forms the basis for improvements in real incomes and welfare. Intersectoral linkage is assumed to provide the bases for such productivity. However, forward, backward and total linkages of industries differ and the same is true for productivity. The purpose of this paper is to see whether the industries having the higher linkages (Key Industries) also assume higher productivity in Iranian economy or not.

For this purpose we use two Iranian Input-output Tables for the Years 1996(1375) and 2001(1380). After converting them into fixed prices and aggregating them into 21 by 21 table and estimating productivity we shall also determine inter-industry linkages using normalized Extraction Method of Input Output technique as suggested by Diatzenbakher to estimate the linkages. We shall also compare productivities and inter industry linkages through Spearman Rank Correlation Coefficients.

Keywords: Productivity, Extraction Method, Input-output Technique, Iranian Economy.

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