

Input-Output Multiplier Analysis for Major Industries in the Philippines

Topic: Impact analysis 2

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The study aims to assess the impact of the different major industries of the Philippines using Input-Output Multiplier Analysis. It attempts to do this by using the 2000 Input-Output Accounts of the Philippines (I-O Accounts), the most recently published tables by the National Statistical Coordination Board (NSCB). As the economic importance of the 11 major industries is growing among the policy makers and researchers, this study applied input-output technique in determining economic effects to gauge the significance of these industries in generating output, income and employment. Key sectors are identified in terms of multipliers; the higher the multiplier, the stronger is the ability of the corresponding sector to create multiple impacts in the economy. The obtained multipliers showed that among major industries, the Manufacturing Industry showed the highest final demand-to-output multiplier; the Construction Industry gained the highest output-to-output multiplier; and Private Services Industry is found to have the highest income and employment multipliers. The results of the study will still have to be evaluated when the NSCB will release the latest I-O table. To be able able to quantify correctly the impact of final demand on the various economic variables, the study is bound to construct a non-competitive or domestic type of IO table wherein the import content of each I-O transaction is netted out. After which, the Leontief inverse matrix will be re-estimated which will be used to calculate domestic multipliers for the major industries.