

## **Spill-over effects in the Portuguese economy: Lisbon Metropolitan Area vs. Rest of the Country**

Topic: Regional input-output modeling V

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A quantitative understanding of complex urban growth patterns and processes is crucial for urban development planning in cities. In the last 6 decades, the Great Lisbon metropolitan area population has increased more than 110% while the Portuguese population increased only slightly more than 20%. Additionally, the share of the Great Lisbon metropolitan area in national population (27%) is higher if considered both in terms of employment (29%) and economic weight (37% of GDP). Indeed, this area has been one of the preferable location for headquarters of Portuguese companies and is specialized in specific types of services (financial, insurances, communications, education and health) and in the production of some industrial products.

This research proposes a multi-regional input-output model approach with 3 regions (the North Lisbon Metropolitan Area, the Setubal's Peninsula and the Rest of the Country) to assess social and economic impacts of changes in exogenous final demand and to analyse how the associated output and employment flows are distributed among the Portuguese regions. This study is a development of MULTI2C approach, a general flexible procedure, developed by a group of researchers from the University of Coimbra, Portugal, that allows to adopt different geographic configurations. Accordingly, the process of deriving supply and demand for products in this region is described as well as the estimation of inter-regional trade. One important feature of this model is the distinction between the final consumption of five types of household's: the ones that live from labour income, landlords (of rented houses/offices), the ones who live from retirement benefits, from other social transfers and finally the ones whose income comes mainly from other forms of capital-income.

The main aim of this research is to assess how changes in the demand for different products, in the different regions, contribute to employment changes in these regions and, thus, to strengthen or to reverse the urbanization trend in the Lisbon metropolitan area".